89-656

NUMBER:

IN THE
SUPREME COURT OF THE UNITED STATES

OCTOBER TERM 1989

IN RE GABRIEL INTERNATIONAL, INC.,
Petitioner

ON PETITION FOR A WRIT OF MANDAMUS
OR OF CERTIORARI DIRECTED TO THE
UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

PETITION OF GABRIEL INTERNATIONAL, INC., FOR A WRIT OF MANDAMUS OR OF CERTIORARI

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By: J. MINOS SIMON
ATTORNEY FOR PETITIONER GABRIEL
INTERNATIONAL, INC.

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QUESTION PRESENTED

This petition for a writ of mandamus or of certiorari on behalf of plaintiff-relator **Gabriel International, Inc.**, (petitioner) presents the following legal question arising from the refusal of the United States Court of Appeals for the Fifth Circuit to issue a writ of mandamus or of prohibition, or, in the alternative, to grant permission to appeal from an interlocutory decision, upon petitioner's application therefor:

Whether the United States Court of Appeals for the Fifth Circuit abdicated its supervisory jurisdiction and evaded its responsibility, as emphasized by this Court in **Dairy Queen, Inc. v. Wood**, 369 U.S. 469, 82 S.Ct. 894, 8 L.Ed.2d 44 (1962) and **Beacon Theaters, Inc. v.**

Westover, 359 U.S. 500, 79 S.Ct. 948, 3 L.Ed.2d 988 (1959), to grant extraordinary writs where necessary to protect a litigant's Seventh Amendment right to trial by jury, when it refused to grant petitioner's application for extraordinary writs or for permission to appeal from an interlocutory decision of the district court, which interlocutory decision required petitioner to prove to the presiding district judge by a preponderance of the evidence the essential fact issues of its trade secrets action in a mini court evidentiary hearing?

PARTIES TO THE PROCEEDING

The parties to the proceeding in the United States Court of Appeals for the Fifth Circuit whose refusal to grant an extraordinary writ or an interlocutory appeal is sought to be reviewed here were:

1. **Gabriel International, Inc.**, Petitioner, P.O. Box 22371, Houston, Texas 77227

2. **M & D Industries of Louisiana, Inc.**, Respondent, 100 Bayside Drive, Suite 2, Lafayette, Louisiana 70508

3. **Patriot Chemical & Equipment Corporation**, Respondent, 2400 Richland Drive, Metairie, Louisiana 70001

4. **Don Burts**, Respondent, 200 Running Deer Drive, Maurice, Louisiana

5. **Gerald Hebert**, Respondent, 4716 Rebecca Boulevard, Kenner, Louisiana

IDENTITY OF JUDGES AGAINST WHOM RELIEF IS SOUGHT

Pursuant to U. S. Sup. Ct. Rule 27.2, 28 U.S.C., petitioner Gabriel identifies the following Circuit Judges, who composed the panel of the United States Court of Appeals for the Fifth Circuit against whom relief is now sought by means of this petition for writ of mandamus or of certiorari:

Hon. Henry A. Politz
United States Circuit Judge
2-B-04 Joe D. Waggonner Federal Building
500 Fannin Street
Shreveport, Louisiana 71101-3074

Hon. Will Garwood
United States Circuit Judge
105 U.S. Courthouse
200 West 8th Street
Austin, Texas 78701-2394

Hon. E. Grady Jolly, Jr.
United States Circuit Judge
202 U.S. Post Office & Courthouse
245 East Capitol Street
P.O. Box 2368
Jackson, Mississippi 39225

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IN THE

SUPREME COURT OF THE UNITED STATES

IN RE GABRIEL INTERNATIONAL, INC., PETITIONER

DOCKET NUMBER:

* *

PETITION FOR WRIT OF MANDAMUS OR OF CERTIORARI

TO THE HONORABLES, THE CHIEF JUSTICE AND ASSOCIATE JUSTICES OF THE UNITED STATES SUPREME COURT:

OPINION BELOW

Confronted by a district court's decision which denies petitioner **Gabriel International, Inc.** (petitioner **Gabriel**) the undeniable right to trial by jury, the United States Court of Appeals for the Fifth Circuit (the respondent Court of Appeals), exemplifying an intention

to abdicate its supervisory jurisdiction and evade its responsibility to grant a writ of mandamus, held:

> "We do not pass on the merits of the district court's challenged order; we merely hold that review by mandamus or prohibition or by interlocutory appeal is not shown to be appropriate in this case."

Id. See "**In Re: Gabriel International, Inc.**", Docket Number 89-4713 (October 2, 1989), United States Court of Appeals for the Fifth Circuit, attached hereto at Appendix pp. 2 and 3.

The district court's challenged order directed petitioner **Gabriel** to prove to the presiding district judge "by a preponderance of the evidence" the primordial fact issue of petitioner's complaint before petitioner could go forward with the prosecution of its claim for damages arising from respondents' delictual conduct. The operative effect of this order is to take from petitioner **Gabriel** its Seventh Amendment right to trial by jury of all fact

issues of its complaint. Yet, on application for a writ of mandamus or of prohibition, or, in the alternative, for permission to appeal from an interlocutory decision, the respondent Court of Appeals abdicated its supervisory jurisdiction and evaded its responsibility to protect petitioner **Gabriel's** constitutional right to trial by jury by refusing to adjudicate the merits of the challenged order denying petitioner's right to trial by jury.

Petitioner **Gabriel** thus respectfully petitions this Honorable Court for a writ of mandamus directed to the respondent Court of Appeals, ordering it to grant petitioner's application for a writ of mandamus or of prohibition, or, in the alternative, for permission to appeal from the involved interlocutory decision. Alternatively, petitioner **Gabriel** respectfully petitions this

Honorable Court for a common-law writ of certiorari to review and reverse the decision of the respondent Court of Appeals.

STATEMENT OF JURISDICTIONAL GROUNDS

On August 29, 1989, in that certain civil action entitled "**Gabriel International, Inc. v. M & D Industries of Louisiana, Inc., et al**", Docket Number 89-1640 "O", United States District Court for the Western District of Louisiana, the presiding district judge, disregarding the vigorous objections of petitioner **Gabriel's** counsel, sua sponte entered an interlocutory order, requiring petitioner "**to prove by a preponderance of the evidence, the existence of a trade secret by evidence including the substance of the trade secret, its origin and duration, its secret and**

exclusive character since origin, and the measures taken to preserve its secret and exclusive character to date." (See district court's ruling of August 29, 1989, attached hereto at Appendix pp. 4 through 8).

Thereafter, on September 12, 1989, the presiding district judge, denied petitioner Gabriel's motion to recall, etc., directed to its ruling of August 29, 1989, opining that "it would be appropriate in every case that the plaintiff establish in a confidential evidentiary hearing that he is the owner of a trade secret as we have held in this proceeding." (See district court's amended ruling of September 12, 1989, attached hereto at Appendix pp. 9 through 19). Pursuant to 28 U.S.C. § 1292(b), the presiding district judge then certified that its ruling of August 29, 1989, involved a controlling quest-

ion of law as to which there is substantial ground for difference of opinion and that an immediate appeal from that ruling would materially advance the ultimate termination of this litigation.

On October 2, 1989, the respondent Court of Appeals denied petitioner **Gabriel's** application for a writ of mandamus or of prohibition, or, in the alternative, for permission to appeal from an interlocutory decision, filed by petitioner in its efforts to vacate the district court's rulings. As noted, the respondent Court of Appeals refused to pass on the merits of petitioner **Gabriel's** application and avoided its responsibility to protect petitioner's constitutional right to trial by jury by concluding that extraordinary writs or an interlocutory appeal were "not shown to be appropriate in this case."

This Court has jurisdiction under **28 U.S.C. § 1651(a)** to issue a writ of mandamus to the respondent Court of Appeals, as the lower court's actions may defeat or frustrate this Court's eventual appellate jurisdiction over petitioner **Gabriel's** lawsuit. Parenthetically, the actions of the respondent Court of Appeals sufficiently affect matters within this Court's appellate jurisdiction to bring petitioner **Gabriel's** application for a writ of mandamus within this Court's authority under **28 U.S.C. § 1651(a)**. See **Chandler v. Judicial Council of the Tenth Circuit of the United States**, 389 U.S. 74, 90 S.Ct. 1648, 26 L.Ed.2d 142 (1970) (per Justice Harlan concurring). Alternatively, under **28 U.S.C. § 1651(a)**, this Court has jurisdiction to issue a common-law writ of certiorari, as described in **U. S. Sup. Ct. Rule 27.4**,

28 U.S.C., to review this matter previously presented to the respondent Court of Appeals.

CONSTITUTIONAL PROVISION AND STATUTES INVOLVED

This case involves U.S.C. Const. Amend. 7, which provides:

> "In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law." (Emphasis added).

This case also involves Fed. Rules Civ. Proc., Rule 38(a), which provides:

> "Rule 38. Jury Trial of Right
>
> (a) Right Preserved. The right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved to the parities inviolate." (Emphasis added).

Finally, this case involves **LSA-R.S. 51:1431, et seq.**, and, in particular, **LSA-R.S. 51:1433**, which provides:

> **"§ 1433. Damages**
>
> **In addition to or in lieu of injunctive relief, a complainant may recover damages for the actual loss caused by the misappropriation.** A complainant also may recover for the unjust enrichment caused by misappropriation that is not taken into account in computing damages for actual loss." (Emphasis added).

STATEMENT OF THE FACTS

On July 21, 1989, petitioner **Gabriel** filed in the district court a complaint for damages and injunctive relief, instituting a civil action to vindicate and enforce rights conferred upon it by substantive Louisiana law, i.e., the Uniform Trade Secrets Act (**LSA-R.S. 51:1431, et seq.**). In doing so, petitioner **Gabriel** invoked the diversity jurisdiction of the district

court, alleging that the matter in controversy is between citizens of different states and exceeds the sum or value of **$50,000.00**, exclusive of interest and costs. Petitioner **Gabriel** named **M & D Industries of Louisiana, Inc., Patriot Chemical & Equipment Company, Don Burts** and **Gerald Hebert** as defendants to its action.

In its original complaint, petitioner **Gabriel** made the following allegations regarding the existence of its trade secrets and the actual and/or threatened misappropriation thereof by defendants (respondents):

> "2. Plaintiff is a citizen of the State of Texas, having been incorporated in that State with its principal place of business in Houston, Texas. Plaintiff is engaged in the business of manufacturing and distributing various additives designed to increase the efficiency and usefulness of drilling fluids used in drilling for oil and gas. In connection with its operations, plaintiff has developed a number of drilling fluid additives through

original research, which drilling fluid additives are unequalled by any other such additives in the performance of the functions they are designed to accomplish. These drilling fluid additives developed by plaintiff through original research include products bearing the names 'Liquid Casing' and 'OM-Seal'. Generally, these specific drilling fluid additives are used to eliminate differential sticking tendencies in oil well drilling operations, and, in conjunction with each other, to prevent or minimize loss circulation of drilling fluids.

3. Plaintiff has engaged in reasonable efforts to maintain the secrecy of information concerning or regarding the component ingredients of, composition of and manufacturing processes for 'Liquid Casing' and 'OM-Seal'. Among the reasonable efforts in which plaintiff has engaged to maintain the secrecy of this information are that plaintiff requires its employees to execute secrecy agreements as a condition of their employments, limits employee access to such information on a 'need to know basis' and otherwise assiduously exercises control over access to its plant. As a result, information concerning plaintiff's products is not generally known to nor readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. Plaintiff's information concerning its products derives economic value from not being generally known or ascertain-

able by proper means. For all the aforementioned reasons, information concerning plaintiff's products falls under the protective aegis of the Uniform Trade Secrets Act **(LSA-R.S. 51:1431 et seq.)**.

. . . . . .

7. At the beginning of year 1989, plaintiff was informed that defendant **M & D Industries of Louisiana, Inc.**, while acting as plaintiff's distributor, was prepared to manufacture products essentially identical to plaintiff's 'Liquid Casing' and 'OM-Seal' and to sell such products in competition with plaintiff's products. In furtherance of that intention to misappropriate plaintiff's trade secrets aforesaid, defendant **M & D Industries of Louisiana, Inc.**, acting through its executive officer, defendant **Don Burts**, entered into an agreement with defendant **Patriot Chemical & Equipment Corporation**, acting through its executive officer, defendant **Gerald Hebert**, whereby defendant **Patriot Chemical & Equipment Corporation** would function as the distributor for **M & D Industries of Louisiana, Inc.**, as to the products formulated and manufactured using plaintiff's misappropriated trade secrets. In furtherance of this intention to misappropriate plaintiff's trade secrets, defendant **M & D Industries of Louisiana, Inc.**, misappropriated those trade secrets and began manufacturing essentially identical products as plaintiff's products aforesaid but disguised

them under the name of 'Ultra-Seal XP' and 'Ultra-Seal C' and defendant **Patriot Chemical & Equipment Corporation** began to function as a distributor of defendant **M & D Industries of Louisiana, Inc.**, for the sale of such products. Plaintiff is informed that 'Ultra-Seal XP' is essentially identical to plaintiff's 'Liquid Casing' and that 'Ultra-Seal C' is essentially identical to plaintiff's 'OM-Seal'.

8. Plaintiff is informed, believes and therefore states that defendants have misappropriated its trade secrets concerning or regarding plaintiff's 'Liquid Casing' and plaintiff's 'OM-Seal' by acquiring them through improper means. Moreover, defendants have continued to misappropriate plaintiff's valuable trade secrets by utilizing them in the formulation of and manufacture of their own essentially identical products, i.e., 'Ultra-Seal XP' and 'Ultra-Seal C'."

In the prayer of its original complaint, petitioner **Gabriel** prayed for an award of damages caused by respondents' misappropriation of its trade secrets and for attorney's fees. Petitioner **Gabriel** also prayed for injunctive relief, prohibiting respondents from further misappropriating its trade

secrets, and for a secrecy order authorized by **LSA-R.S. 51:1435** to ensure that information regarding its trade secrets revealed during this litigation could not be used to its detriment. Finally, petitioner **Gabriel** prayed for "**trial by jury on all issues that may be tried to a jury.**"

On August 8 and 9, 1989, petitioner **Gabriel** served five (5) corporations with notices of deposition pursuant to **Fed. Rules Civ. Proc., Rule 30(b)(6).** These five (5) corporations are **Exxon Corporation, First Energy Corporation, Mobil Oil Corporation, Global Chemical, Inc.,** and **Petroleum Engineers, Inc.** By means of these depositions, petitioner **Gabriel** sought to obtain information and documents that would support its position that respondents had misappropriated its trade secrets.

On or about August 11, 1989, respondents filed a motion for protective order under **Fed. Rules Civ. Proc., Rule 26(c)**. In their motion for protective order, respondents requested that the district court prohibit petitioner **Gabriel** from making discovery until petitioner establishes that it has a trade secret and that its trade secret was disclosed to respondents.

On August 25, 1989, the district court heard in chambers respondents' motion for protective order. Upon the conclusion of this hearing, the district court generally verbalized its ruling on respondents' motion for protective order, which it declared would be formalized in a written order to be rendered the following week. On August 29, 1989, the district court rendered its complained of ruling.

In its complained of ruling, while tentatively denying respondents' motion for protective order, the district court sua sponte ordered petitioner Gabriel to prove by a preponderance of the evidence "the existence of a trade secret by evidence including the substance of the trade secret, its origin and duration, its secret and exclusive character since origin, and the measures taken to preserve its secret and exclusive character to date." Petitioner was thus confronted with a district court's order, purporting to usurp its Seventh Amendment right to trial by jury of various fact issues arising in its lawsuit.

Additionally, the district court's order of August 29, 1989, prohibited petitioner Gabriel from conducting any discovery in this matter until it made the aforementioned showing at a mini

court evidentiary hearing to be held on September 6, 1989. Petitioner **Gabriel** was thus also denied the right accorded to all other similarly situated litigants to proceed with discovery in accordance with the applicable provisions of the Federal Rules of Civil Procedure and to gather evidence in support of its case, pending the district court's determination of the essential fact issue regarding the existence and ownership of petitioner's trade secrets.

Finally, under the district court's interlocutory decision of August 29, 1989, respondents were given the right to reurge their motion for protective order, thus raising the specter that petitioner **Gabriel** might be denied the right to make discovery even if it prevailed at the mini court evidentiary

hearing. (See district court's ruling of August 29, 1989, attached hereto at Appendix pp. 4 through 8).

On August 31, 1989, petitioner Gabriel filed a formal objection to the district court's ruling of August 29, 1989. After setting forth the substance of the allegations contained in its original complaint and the facts leading up to the district court's complained of ruling, petitioner Gabriel objected to that ruling on the grounds that (1) it required petitioner to prove to the presiding district judge by a preponderance of the evidence one of the essential fact issues of petitioner's complaint, i.e., whether petitioner had a trade secret under Louisiana law, despite the fact that petitioner had demanded a trial by jury of all such issues and (2) it deprived petitioner of Fifth Amendment due process by imposing

upon petitioner a restriction not placed on other similarly situated litigants, i.e., proof of essential fact issues to the presiding district judge before being allowed to conduct discovery essential to the development of material facts in support of its claims. (See petitioner Gabriel's formal objection attached hereto at Appendix pp. 20 through 30).

On September 5, 1989, petitioner Gabriel filed a motion to recall; alternatively motion to certify the issue for immediate appeal review; alternatively motion to stay pending application for a writ of mandamus, alternatively certiorari and/or prohibition. In its motion to recall, etc., petitioner Gabriel reasserted the objections set forth in its formal objection to the district court's ruling of August 29, 1989, in support of its

request for an order recalling that ruling. Petitioner **Gabriel** then alternatively alleged that substantial grounds existed for the district court to certify the matter for an interlocutory appeal as provided for in **28 U.S.C. § 1292(b)**. Finally, petitioner **Gabriel** alleged that the district court should enter a stay order pending a resolution of the issues raised in its motion by a higher court, if the district court was not going to recall its order of August 29, 1989. (See **petitioner Gabriel's motion to recall, etc., attached hereto at Appendix pp. 31 through 38**).

On September 12, 1989, the district court entered an amended ruling "to amend and complement" its ruling of August 29, 1989. (See **the district court's amended ruling of September 12, 1989, attached hereto at Appendix pp. 9 through 19**). In its amended ruling, the

district court initially noted that petitioner **Gabriel** had failed to present any evidence with its original complaint to support its "allegation that a trade secret or secrets existed or that [petitioner] was the owner thereof." Of course, the district court did not cite any law that requires a party filing a complaint to simultaneously present evidence in support of the allegations made therein because there is no such law.

The district court then noted that it had entered a secrecy order authorized by **LSA-R.S. 51:1435** some twenty-one (21) days after petitioner **Gabriel** had filed its complaint. Having said this, the district court then proceeded to observe that petitioner **Gabriel** could now safely present its evidence in limine, but only to the court, of the existence and ownership of its trade

secret, although simultaneously referring to no applicable law which mandates petitioner **Gabriel** to have this essential fact issue tried by the court in lieu of a jury.

In its ruling of August 29, 1989, the respondent district court indicated that it was relying upon **Fed. Rules Civ. Proc., Rule 1**, in ordering petitioner **Gabriel** to prove the existence, etc., of its trade secrets at a mini court evidentiary hearing. In its amended ruling of September 12, 1989, the district court expanded its reliance to include **Fed. Rules Civ. Proc., Rule 16(a)(1)(2)(3)** and **(c)(11)**, in denying petitioner **Gabriel's** right to trial by jury of one of the essential fact issues of its complaint. Betraying full knowledge that its interlocutory decisions contemplated a mini court trial of one of petitioner **Gabriel's** essential fact

issues, the district court postulated that if, at this mini court hearing, "plaintiff cannot prove that a trade secret or secrets exist and that it is the owner thereof, **the matter will be dismissed for lack of jurisdiction.**"

These interlocutory decisions of the district court result in the abdication of its constitutionally imposed subject matter jurisdiction, as implemented by The Congress in **28 U.S.C. § 1332(a)**, which provides:

> "**§ 1332. Diversity of citizenship; amount in controversy; costs**
>
> (a) The district courts shall have original jurisdiction of all civil action where the matter in controversy exceeds the sum or value of **$50,000.00**, exclusive of interests and costs, **and is between** --
>
> (1) **citizens of different States;**
>
> (2) citizens of a State and citizens or subjects of foreign states;

> (3) citizens of different States and in which citizens or subjects of a foreign state are additional parties; and
>
> (4) a foreign state, defined in section 1603(a) of this title, as plaintiff and citizens of a State or of different States."

There is no dispute over the fact that the parties to this civil action are citizens of different states and that the matter in controversy exceeds the sum or value of $50,000.00. 28 U.S.C. § 1332(a) does not contain any further requirement that a plaintiff be the owner of an existing trade secret before a district court will have subject matter jurisdiction to hear a trade secret action.

In any event, the district court's amended ruling held that "it is the opinion of this Court that, unless plaintiff's status as owner of a trade secret is established by stipulation or otherwise, it would be appropriate in

every case that the plaintiff establish in a confidential evidentiary hearing that he is an owner of a trade secret as we have held in this proceeding."

From the operative effects of the district court's complained of interlocutory decisions, petitioner **Gabriel** sought review and reversal in the respondent Court of Appeals. On September 21, 1989, petitioner **Gabriel** filed in the respondent Court of Appeals its petition for a writ of mandamus or of prohibition, or, in the alternative, for permission to appeal from an interlocutory decision. In its application, petitioner **Gabriel** cited the well-settled jurisprudence of this Court, which holds that a district court's threatened deprivation of a litigant's right to trial by jury furnishes a substantial ground for the issuance of an extraordinary writ and that a Court

of Appeals has the responsibility to grant an extraordinary writ where necessary to protect a litigant's right to trial by jury.

On October 2, 1989, however, the respondent Court of Appeals refused to follow the well-settled jurisprudence of this Court by declining to adjudge the merits of petitioner's application and then holding that petitioner Gabriel's requested remedies were inappropriate. (See "In Re: Gabriel International, Inc.", Docket Number 89-4713 (October 2, 1989), United States Court of Appeals for the Fifth Circuit, attached hereto at Appendix pp. 2 and 3). This Court thus represents the only forum available to petitioner Gabriel for the vindication and preservation of its constitutional right to trial by jury. For the following reasons, this Court should grant petitioner Gabriel's application

for a writ of mandamus directed to the respondent Court of Appeals, ordering it to grant petitioner's application for a writ of mandamus or of prohibition, or, in the alternative, for permission to appeal from an interlocutory decision. Alternatively, this Court should issue a common-law writ of certiorari, and, after due consideration in accordance with U. S. Sup. Ct. Rule 23.1, 28 U.S.C., this Court should summarily dispose of this matter on the merits by reversing the respondent Court of Appeals' decision.

LAW AND ARGUMENT

28 U.S.C. § 1651(a) provides statutory authority for this Court to issue the writ of mandamus sought by petitioner Gabriel:

"§ 1651. Writs

(a) The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law."

Additionally, the considerations set forth in **U. S. Sup. Ct. Rule 26, 28 U.S.C.**, governing this Court's issuance of extraordinary writs, are present in this case, i.e., (1) the writ will be in aid of this Court's appellate jurisdiction, (2) there are present exceptional circumstances warranting the exercise of this Court's discretionary powers and (3) petitioner **Gabriel** cannot obtain adequate relief in any other form or from any other court. On this point, **U. S. Sup. Ct. Rule 26, 28 U.S.C.** provides:

"**Rule 26. Considerations governing issuance of extraordinary writs**

The issuance by the Court of any extraordinary writ authorized by **28 U.S.C. § 1651(a)** is not a matter of right, but of discretion sparing-

ly exercised. To justify the granting of any writ under that provision, it must be shown that the writ will be in aid of the Court's appellate jurisdiction, that there are present exceptional circumstances warranting the exercise of the Court's discretionary powers, and that adequate relief cannot be had in any other form or from any other court." (Emphasis added).

28 U.S.C. § 1651(a) also authorizes this Court to issue the common-law writ of certiorari described in U. S. Sup. Ct. Rule 27.4, 28 U.S.C., which writ is alternatively sought by petitioner Gabriel. While petitioner Gabriel does seek the issuance of a common-law writ of certiorari, it notes that one of the considerations for the issuance of a statutory writ of certiorari is present in this case. That is, the decision of the respondent Court of Appeals, holding that "review by mandamus or prohibition . . . is not shown to be appropriate in this case", directly conflicts with

applicable decisions of this Court. On this point, **U. S. Sup. Ct. Rule 17.1(c), 28 U.S.C.**, provides:

> **"Rule 17. Considerations governing review on certiorari**
>
> .1. A review on writ of certiorari is not a matter of right, but of judicial discretion, and will be granted only when there are special and important reasons therefor. The following, while neither controlling nor fully measuring the Court's discretion, indicate the character of reasons that will be considered.
>
> . . . . . .
>
> (c) **When** a state court or **a federal court of appeals** has decided an important question of federal law which has not been, but should be, settled by this Court, or **has decided a federal question in a way in conflict with applicable decisions of this Court.**" (Emphasis added).

In **Re Winn**, 213 U.S. 458, 29 S.Ct. 515, 53 L.Ed. 873 (1909), this Court had occasion to determine the proper circumstances under which a writ of mandamus should issue. In that case, a petitioner sought a writ of mandamus to compel a

district judge to remand a case to a state court, which the petitioner alleged had been improperly removed to the federal district court. This Court initially agreed with the petitioner's argument that the case was not removable. However, this Court felt compelled to proceed further and discuss the respondent's contention that a writ of mandamus was not the proper method for correcting the district court's error. In rejecting the respondent's argument, **Re Winn**, supra, relied upon the source provision of **28 U.S.C. § 1651(a)** and held:

> "It is, however, argued that mandamus is not the remedy for the correction of such an error as we have pointed out, and that the aggrieved party should be left to his writ of error, -- a remedy which he undoubtedly has.
>
> Authority to issue writs of mandamus to any courts appointed under the authority of the United States was given to this court by a provision in the original judiciary

act, which now appears in [citation omitted]. **A writ of mandamus issued under this provision is for the purpose of revising and correcting proceedings in a case already instituted in the courts, and is deemed a part of the appellate jurisdiction of this court, which is subject to such regulations as the Congress shall make.** [citations omitted]." (Emphasis added).

Id. 29 S.Ct., at pp. 516 and 517.

See also **Marbury v. Madison**, 1 Cranch 137, 2 L.Ed. 60 (1803).

In **Chandler**, supra, Justice Harlan, wrote a separate concurring opinion in which he explored in detail this Court's authority to issue extraordinary writs under **28 U.S.C. § 1651(a)**:

"Petitioner asserts that the Court has power to issue mandamus or prohibition to the Councils under the All Writs Act, **28 U.S.C. § 1651(a)**, which provides that

. . . . . .

This statute has been construed to empower this Court to issue an extraordinary writ to a lower federal court in a case falling within our statutory appellate jurisdiction, where the issuance of the writ will further the exercise

> **of that jurisdiction.** [citations omitted]. It is now settled that the case need not be already pending in this Court before an extraordinary writ may be issued under § 1651(a); rather, **the Court may issue the writ when the lower court's action might defeat or frustrate this Court's eventual jurisdiction, even where that jurisdiction could be invoked on the merits only after proceedings in an intermediate court.** [citations omitted].
>
> **Each of the prior cases in which this Court has invoked § 1651(a) to issue a writ "in aid of [its jurisdiction]' has involved a particular lawsuit over which the Court would have statutory review jurisdiction at a later stage."** (Emphasis added).

Id. 90 S.Ct., at pp. 1668.

Justice Harlan then agreed with the arguments advanced by the respondents in **Chandler**, supra, concluding that **28 U.S.C. § 1651(a)** provides statutory authority for this Court to exercise its jurisdiction to issue extraordinary writs in any judicial proceeding within the permissible appellate jurisdiction of this Court under **U.S.C. Const. Art.**

III, § 2, cl. 2. After discussing the factual context of Chandler, supra, Justice Harlan found:

> "For these reasons I would conclude that the actions challenged by Judge Chandler **sufficiently affect matters within this Court's appellate jurisdiction to bring his application for an extraordinary writ within our authority under § 1651(a), and that his charges, if sustained, would present an appropriate occasion for the issuance of such a writ.**" (Emphasis added).

Id. 90 S.Ct., at p. 1671.

Similarly, in the case sub judice, the actions of the respondent Court of Appeals in refusing to protect petitioner **Gabriel's** Seventh Amendment right to trial by jury sufficiently affect matters within this Court's appellate jurisdiction to bring petitioner's application for a writ of mandamus within its authority under **28 U.S.C. § 1651(a).**

A review of this Court's well-settled jurisprudence establishes that on numerous occasions it has reiterated the legal principles that (1) extraordinary writs provide the proper method for challenging and correcting a district court's denial of a litigant's Seventh Amendment right to trial by jury and (2) the Courts of Appeals have a responsibility and a duty to issue extraordinary writs to protect a litigant's Seventh Amendment right to trial by jury. Unquestionably, a district court's threatened deprivation of a litigant's right to trial by jury furnishes a substantial ground for the issuance of a writ of mandamus or of prohibition. For example, in **In Re Petersen**, 253 U.S. 300, 40 S.Ct. 543, 64 L.Ed. 919 (1920), this Court specifically held that a petition for mandamus was the proper method to obtain correction of a dis-

trict court's order denying a litigant's Seventh Amendment right to trial by jury. In that case, the petitioner was granted leave of this Court to file a petition for mandamus, challenging the district court's order appointing an auditor to simplify the factual issues for the jury. In disposing of the respondent's objection that mandamus could not be used to correct the district court's alleged error, **In Re Petersen**, supra, held:

> "First. Objection is made by respondent to the jurisdiction of this Court. It is insisted that the District Court had jurisdiction of the parties and of the cause of action; that if the auditor should proceed to perform the duties assigned to him, and his report should be used at the trial before the jury, the plaintiff could protect his rights by exceptions which would be subject to review by the Circuit Court of Appeals; and that the writs prayed for may not be used to correct errors. **But if proceedings pursuant to the appointment of an auditor would deprive petitioner of his right to a trial by jury, the order should, as was**

> **said in** [citation omitted] **'be dealt with now, before the plaintiff is put to the difficulties and the courts to the inconvenience that would be raised by' a proceeding 'that ultimately must be held to have been required under a mistake.' The objection to our jurisdiction is unfounded.** We proceed, therefore, to the consideration of the merits of the petition." (Emphasis added).

Id. 40 S.Ct., at pp. 544 and 545.

In **In Re Simmons**, 247 U.S. 231, 38 S.C.t. 497, 62 L.Ed. 1094 (1918), the plaintiff brought an action on two counts against the executor of a widow named Frank Leslie. The first count alleged a promise by the decedent that if plaintiff would perform certain personal services of attendance and care to the decedent, the decedent would bequeath to plaintiff $50,000.00. On his death, the decedent left plaintiff only $10,000.00. Alleging a tortious breach of contract, plaintiff asserted a claim of $40,000.00. Alternatively, in a second count, based on the same opera-

tive facts, plaintiff sought just compensation. On motion of the defendants, the district court ordered the first cause of action to be transferred to the equity side of the court and docketed as an equity cause, simultaneously ordering this count stricken from the complaint as an action at law. On granting mandamus, this Court in **In Re Simmons**, supra, disagreed with the district court that the first count constituted an action in equity, holding:

> "If we are right, the order was wrong and **deprived the plaintiff of her right to a trial by jury. It is an order that should be dealt with now, before the plaintiff is put to the difficulties and the courts to the inconvenience that would be raised by a severance that ultimately must be held to have been required under a mistake.** It does not matter very much in what form an extraordinary remedy is afforded in this case. But as the order may be regarded as having repudiated jurisdiction of the first count, **mandamus may be adopted to require**

the district court to proceed and to give the plaintiff her right to a trial at common law."

Id. 38 S.Ct., at pp. 497 and 498.

In **In Re Skinner & Eddy Corporation**, 265 U.S. 86, 44 S.Ct. 446, 68 L.Ed. 912 (1924), the plaintiff had filed a claim against the United States in a Court of Claims. Before answer was filed, he filed a motion to dismiss his claim. His motion was granted over the objection of the government. The day following the dismissal, he filed a tort claim for breach of contract against the government in a Washington State court. The government petitioned the Court of Claims to vacate its order permitting petitioner to dismiss his claim against the government. This motion was granted.

Plaintiff then petitioned this Court for a writ of mandamus directed to the Court of Claims to restore its earlier order dismissing the suit

against the United States and to prohibit the Court of Claims from attempting to exercise further jurisdiction in the case. Plaintiff's petition for a writ of mandamus was granted. In part pertinent, **In Re Skinner**, supra, held:

> "It only remains to inquire whether this is a proper case for the writ asked. Mandamus is an extraordinary remedial process, which is awarded, not as a matter of right, but in the exercise of a sound judicial discretion. Although classed as a legal remedy, in issuing it a court must be largely controlled by equitable principles. **Duncan Townsite Co. v. Lane**, 245 U.S. 308, 312, 38 S.Ct. 99, 62 L.Ed. 309; **Arant v. Lane**, 249 U.S. 367, 371, 39 S.Ct. 293 L.Ed. 650. **It would be a useless waste of time and effort to enforce a trial in the Court of Claims, if we were, upon appeal, to find that the petitioner was unjustly deprived of his substantial right to dismiss the petition**, as we should have to do for the reasons stated. **Added to this is the consideration which has been regarded as furnishing a substantial ground for the extraordinary process of the writ that the petitioner by a denial of his right to dismiss in the Court of Claims**

will be deprived of a right of trial by jury in the State Court of Washington. [citations omitted]."

Id. 44 S.Ct., at pp. 448 and 449.

Petitioner **Gabriel** is thus constitutionally entitled to have the fact issue of whether or not a trade secret exists determined by a duly impaneled jury. The order of the district court operates to deny petitioner **Gabriel** of its Seventh Amendment right to have that fact issue determined by a jury. Instead, the district court usurps that function and takes into its own embrace the determination of that fact issue and calls upon petitioner **Gabriel** to prove the existence of a trade secret by a preponderance of the evidence at an evidentiary hearing presided over by the trial judge. This procedure violates petitioner **Gabriel's** Seventh Amendment right to trial by jury. As such, the respondent Court of Appeals should have

granted petitioner **Gabriel's** application for a writ of mandamus or of prohibition, vacating the district court's complained of rulings.

This Court has repeatedly emphasized the responsibility of the Courts of Appeals to grant mandamus or prohibition where necessary to protect the constitutional right to trial by jury. In **Dairy Queen, Inc. v. Wood**, 369 U.S. 469, 82 S.Ct. 894, 8 L.Ed.2d 44 (1962), this Court granted a writ of certiorari to review a Court of Appeals' refusal to grant mandamus to a petitioner whose demand for a trial by jury had been struck. Initially, this Court noted certain changes brought about by the adoption of the Federal Rules of Civil Procedure. In reversing the decision of the Court of Appeals and remanding for further proceedings, this Court in **Dairy Queen, Inc.**, supra, held:

"The Federal Rules did not, however, purport to change the basic holding of [citation omitted] that the right to trial by jury of legal claims must be preserved. Quite the contrary, Rule 38(a) expressly reaffirms that constitutional principle, declaring:

. . . . . .

Nonetheless, after the adoption of the Federal Rules, attempts were made indirectly to undercut that right by having federal courts in which cases involving both legal and equitable claims were filed decide the equitable claim first.The result of this procedure in those case in which it was followed was that any issue common to both the legal and equitable claims was finally determined by the court and the party seeking trial by jury on the legal claim was deprived of that right as to these common issues. This procedure finally came before us in [citation omitted], a case which, like this one, arose from the denial of a petition for mandamus to compel a district judge to vacate his order striking a demand for trial by jury.

Our decision reversing that case not only emphasizes the responsibility of the Federal Courts of Appeals to grant mandamus where necessary to protect the constitutional right to trial by jury but also limits the issues open for determination here by defining the

protection to which that right is entitled in cases involving both legal and equitable claims.

Id. 82 S.Ct., at pp. 896 and 897.

Similarly, in **Beacon Theaters, Inc. v. Westover**, 359 U.S. 500, 79 S.Ct. 948, 3 L.Ed.2d 988 (1959), this Court granted certiorari to review the refusal of a Court of Appeals to grant a writ of mandamus to vacate a district court's order alleged to deprive the petitioner of its right to trial by jury. In that case, the respondent filed a complaint for declaratory relief and an injunction prohibiting the petitioner from filing a suit against it under the antitrust laws. The petitioner then filed an answer and a counterclaim against the respondent, together with a cross-claim against an intervenor. In its counter-claim and cross-claim, the petitioner alleged a conspiracy to violate the antitrust laws on the part of respondent

and its distributors, and it sought to recover treble damages therefor. The petitioner demanded a jury trial of the factual issues in the case.

The district court found that respondent's complaint for declaratory relief presented basically equitable issues, including questions regarding competition between theaters operated by the parties. For this reason, the district court ordered that these issues had to be tried to it before there could be a jury determination of the validity of the charges of antitrust violations made in the counterclaim and cross-claim. As noted, the Court of Appeals refused to vacate the district court's orders.

In reversing the decision of the Court of Appeals, this Court in **Beacon Theaters, Inc.**, supra, held:

"If there should be cases where the availability of declaratory judgment or joinder in one suit of legal and equitable causes would not in all respects protect the plaintiff seeking equitable relief from irreparable harm while affording a jury trial in the legal cause, the trial court will necessarily have to use its discretion in deciding whether the legal or equitable cause should be tried first. **Since the right to jury trial is a constitutional one, however, while no similar requirement protects trials by the court, that discretion is very narrowly limited and must, wherever possible, be exercised to preserve jury trial.** As this Court said in [citation omitted]: '**In the Federal courts this [jury] right cannot be dispensed with, except by assent of the parties entitled to it; nor can it be impaired by any blending with a claim, properly cognizable at law, of a demand for equitable relief in aid of the legal action.** This long-standing principle of equity dictates that only under the most imperative circumstances, circumstances which in view of the flexible procedures of the Federal Rules we cannot now anticipate, can the right to a jury trial of legal issues be lost through prior determination of equitable claims. [citation omitted]. As we have shown, this is far from being such a case.

Respondent claims mandamus is not available under the All Writs Act, 28 U.S.C. § 1651, 28 U.S.C.A. §

1651. **Whatever differences of opinion there might be in other cases, we think the right to grant mandamus to require jury trial where it has been improperly denied is settled.**

The judgment of the Court of Appeals is reversed." (Emphasis added).

Id. 79 S.Ct., at pp. 956 and 957.

Recently, in **Gulfstream Aerospace Corporation v. Mayacamas Corporation**, _____ U.S. _____, 108 S.Ct. 1133, _____ L.Ed.2d _____ (1988), this Court reiterated the principle of law announced in **Beacon Theaters, Inc.**, supra, when it held:

"Issuance of a writ of mandamus will be appropriate in exceptional cases involving stay orders. **This Court has made clear, for example, that a stay order that deprives a party of the right to trial by jury is reversible by mandamus.** See [citation omitted]." (Emphasis added).

Id. 108 S.Ct., at p. 1143 (footnote 13).

The presence of exceptional circumstances warranting the exercise of this Court's discretionary powers is shown by the well-settled jurisprudence of this Court in which it has issued extraordinary writs in situations identical to that in the case sub judice. Parenthetically, this Court should issue the writs sought by petitioner **Gabriel** to remedy the refusal by the respondent Court of Appeals to correct the district court's egregious violation of petitioner **Gabriel's** constitutional right to a trial by jury on the essential fact issues of its case. As noted by petitioner **Gabriel** in its formal objection to the district court's complained of interlocutory decisions, plaintiff's complaint presents three essential fact issues under **LSA-R.S. 51:1431, et seq.**, to-wit: (1) whether petitioner is the owner of trade secrets as defined by the

applicable state law; (2) whether there has been an actual or threatened misappropriation of those trade secrets by defendants; and, (3) what is the amount of damages sustained by petitioner as a result of any such misappropriation.

The district court's interlocutory decisions compel petitioner **Gabriel** to prove, "by a preponderance of the evidence", the first essential fact issue of its claims, at an evidentiary hearing before the district court where the presiding district judge alone will determine the issue. Yet, even the district court in its complained of rulings acknowledges that petitioner **Gabriel's** complaint affirmatively requests a trial by jury of all of the fact issues of its claims, which is a right secured to petitioner **Gabriel** by

U.S.C. Const. Amend. 7. Fed. Rules Civ. Proc., Rule 38(a), expressly reaffirms this constitutional principle.

In this trade secret action, petitioner Gabriel seeks to recover damages under LSA-R.S. 51:1433 for respondents' actual or threatened misappropriation of its trade secrets in addition to the injunctive relief it seeks. As noted, LSA-R.S. 51:1433 provides:

> "§ 1433. Damages
>
> In addition to or in lieu of injunctive relief, a complainant may recover damages for the actual loss caused by the misappropriation. A complainant also may recover for the unjust enrichment caused by misappropriation that is not taken into account in computing damages for actual loss." (Emphasis added).

Thus, petitioner Gabriel makes a claim for a money judgment against respondents for damage to its property, i.e., its

trade secrets, which is unquestionably a "legal" claim that petitioner is entitled to have tried by a jury.

In **Ross v. Bernard**, 396 U.S. 531, 90 S.Ct. 733, 24 L.Ed.2d 729 (1970), this Court reversed a judgment of the United States Court of Appeals for the Second Circuit, which had found that in no event does the right to trial by jury preserved by the Seventh Amendment extend to derivative actions brought by the stockholders of a corporation. Citing its earlier decision in **Parsons v. Bedford, Breedlove & Robeson**, 3 Pet. 433, 7 L.Ed. 732 (1830), this Court in **Ross**, supra, described the scope of the Seventh Amendment, holding:

> "The Seventh Amendment preserves to litigants the right to jury trial in suits at common law --
>
> 'not merely suits, which the common law recognized among its old and settled proceedings, **but suits in which legal rights were to be ascertained and determined**,

in contradistinction to those where equitable rights alone were recognized, and equitable remedies were administered. . . . In a just sense, **the amendment then may well be construed to embrace all suits, which are not of equity or admiralty jurisdiction, whatever may be the peculiar form they may assume to settle legal rights.'** [citation omitted].

However difficult it may have been to define with precision the line between actions at law dealing with legal rights and suits in equity dealing with equitable matters, [citation omitted], **some proceedings were unmistakably actions at law triable to a jury. The Seventh Amendment, for example, entitled the parties to a jury trial in actions for damages to a person or property**, for libel and slander, for recovery of land, and for conversion of personal property." (Emphasis added).

Id. 90 S.Ct., at p. 735.

See also **Pernell v. Southall Reality**, 416 U.S. 363, 94 S.Ct. 1723, 40 L.Ed.2d 198 (1974); **Curriden v. Middleton**, 232 U.S. 633, 34 S.Ct. 458, 58 L.Ed. 765 (1914); **Scott v. Neely**, 140 U.S. 106, 11 S.Ct. 712, 35 L.Ed. 358

(1891); and, **Whitehead v. Shattuck**, 138 U.S. 146, 11 S.Ct. 277, 34 L.Ed. 873 (1891).

In an analogous factual situation, this Court in **Curtis v. Loether**, 415 U.S. 189, 94 S.Ct. 1005, 39 L.Ed.2d 260 (1974), found that a damages action under **42 U.S.C. § 3612** was an action to enforce "legal rights" within the meaning of its prior Seventh Amendment decisions, entitling a litigant to a trial by jury in such actions. This Court reached its decision by concluding that such an action was similar to a number of tort actions recognized at common law. In deciding that a litigant had a right to trial by jury in such actions, **Curtis**, supra, held:

> "**We think it is clear that a damages action under § 812 is an action to enforce "legal rights" within the meaning of our Seventh Amendment decisions**. See [citations omitted]. A damages action under the statute sounds basically in tort --

> the statute merely defines a new legal duty, and authorizes the courts to compensate a plaintiff for the injury caused by the defendant's wrongful breach. **As the Court of Appeals noted, this cause of action is analogous to a number of tort actions recognized at common law. More important, the relief sought here -- actual and punitive damages -- is the traditional form of relief offered in the courts of law."** (Emphasis added).

Id. 94 S.Ct. at p. 1009.

Similarly, in this case, **LSA-R.S. 51:1431, et seq.**, and, in particular, **LSA-R.S. 51:1433** create a cause of action analogous to those created by **LSA-C.C. Art. 2315, et seq.**, which is the source of most tort liability in Louisiana. The relief sought by petitioner **Gabriel** in its complaint filed in the district court consists of, among other elements, actual damages it sustained as a result of respondents' misappropriation of its trade secrets. Thus, petitioner **Gabriel's** damages action under **LSA-R.S. 51:1431, et seq.**,

is an action to enforce "legal rights" within the meaning of this Court's Seventh Amendment decisions, entitling it to a trial by jury of all of the fact issues arising in its lawsuit.

Under the Seventh Amendment, petitioner **Gabriel** clearly has a right to a trial by jury of all of the factual issues related to the question of whether there has been a misappropriation of its trade secrets, including the factual issue of the existence and ownership of its trade secrets.

In **Byrd v. Blue Ridge Rural Electric Cooperative**, 356 U.S. 525, 78 S.Ct. 893, 2 L.Ed.2d 953 (1958), this Court noted that federal law governed the question of whether factual issues were to be tried by a judge or jury in cases brought in the federal courts on the basis of their diversity jurisdiction. **Byrd**, supra, was a case in which

the plaintiff brought suit to recover damages for personal injuries he sustained during his employment with a construction contractor engaged by the respondent to construct new power lines and to convert old power lines to a greater carrying capacity. Under the law of the state in which he was injured, plaintiff did not have a right to trial by jury of the issue of the respondent's immunity from tort liability under the theory that plaintiff was its statutory employee. In determining that the federal courts did not have to follow state laws on the availability of jury trials in diversity cases brought before them, **Byrd**, supra, held:

> "But there are affirmative countervailing considerations at work here. The federal system is an independent system for administering justice to litigants who properly invoke its jurisdiction. **An essential characteristic of that system is the manner in which, in civil common-law actions, it distributes**

trial functions between judge and jury and, under the influence -- if not the command -- of the Seventh Amendment, assigns the decisions of disputed questions of fact to the jury. [citation omitted]."

Id. 78 S.Ct., at p. 901.

See also **Simler v. Conner**, 372 U.S. 221, 83 S.Ct. 609, 9 L.Ed.2d 691 (1963); **Dairy Queen, Inc. v. Wood**, 369 U.S. 469, 82 S.Ct. 894, 8 L.Ed.2d 44 (1962); and, **Jacob v. City of New York** 315 U.S. 752, 62 S.Ct. 854, 86 L.Ed. 1166 (1942).

In situations such as this where a "legal" claim is joined with an "equitable" claim, the right to jury trial on the "legal" claim, including all issues common to both claims, remains intact. The right to trial by jury cannot be abridged by characterizing the "legal" claim as "incidental" to the "equitable" relief sought. Thus, petitioner **Gabriel**

has a right to a jury trial to determine the merits of its "legal" claims and respondents' liability thereon.

In **Dairy Queen, Inc.**, supra, this Court was presented with a factual scenario virtually identical to that existing in the case sub judice. In that case, a district judge granted a motion to strike the petitioner's demand for a trial by jury on the grounds that petitioner had asserted purely equitable claims or that any legal claims the petitioner had were incidental to its equitable claims. The petitioner then filed a petition for a writ of mandamus in the United States Court of Appeals for the Third Circuit to compel the district judge to vacate this order. When that Court of Appeals denied the petitioner's request without reasons, this Court granted certiorari "because the action of the Court of Appeals

seemed inconsistent with protections already clearly recognized for the important constitutional right to trial by jury in [its] previous decisions." This Court then reversed the judgment of the Court of Appeals, finding that "[t]he Court of Appeals should have corrected the error of the district judge by granting the petition for mandamus."

In reversing the judgment of the Court of Appeals, **Dairy Queen, Inc.**, supra, held:

> "The holding in Beacon Theaters was that **where both legal and equitable issues are presented in a single case, 'only under the most imperative circumstances, circumstances which in view of the flexible procedures of the Federal Rules we cannot now anticipate, can the right to a jury trial of legal issues be lost through prior determination of equitable claims.'** That holding, of course, applies whether the trial judge chooses to characterize the legal issues presented as 'incidental' to the equitable issues or not. Consequently, in a case such as this, where there cannot even be a

contention of such 'imperative circumstances,' **Beacon Theaters requires that any legal issues for which a trial by jury is timely and properly demanded be submitted to a jury.**" (Emphasis added).

Id. 82 S.Ct., at pp. 897.

See also **Tull v. United States**, 481 U.S. 412, 107 S.Ct. 1831, 95 L.Ed.2d 365 (1987); **Curtis v. Loether**, 415 U.S. 189, 94 S.Ct. 1005, 39 L.Ed.2d 260 (1974); **Swofford v. B & W Incorporated**, 336 F.2d 406 (5th Cir. 1964), cert. denied, 379 U.S. 962, 85 S.Ct. 653, 13 L.Ed.2d 557 (1965); and, **Thermo-Stitch, Inc. v. Chemi-Cord Processing Corporation**, 294 F.2d 486 (5th Cir. 1961).

Similarly, in the case sub judice, the respondent Court of Appeals should have corrected the error of the district court by granting petitioner **Gabriel's** application for extraordinary writs or for permission to appeal from an interlocutory decision.

CONCLUSION

Petitioner **Gabriel** has established that all of the considerations enumerated in **U. S. Sup. Ct. Rule 26, 28 U.S.C.**, for the issuance of an extraordinary writ are present in this matter. **First**, the actions of the respondent Court of Appeals challenged by petitioner **Gabriel** sufficiently affect matters within this Court's appellate jurisdiction to bring this application for an extraordinary writ within this Court's authority under **28 U.S.C. § 1651(a)**. **Second**, this matter presents exceptional circumstances warranting the exercise of this Court's discretionary powers, i.e., the respondent Court of Appeals' avoidance of its responsibility to protect petitioner **Gabriel's** Seventh Amendment right to trial by jury by refusing to vacate the district court's complained of rulings.

Third, petitioner **Gabriel** cannot obtain relief in any other form (other than the common-law writ of certiorari alternatively sought herein) or from any other court (this Court being the only court having the power of superintendence over and to review decisions of a Court of Appeals). Thus, as it has done in many other cases, this Court should issue the writ of mandamus sought by petitioner **Gabriel** to compel the respondent Court of Appeals to protect petitioner's right to trial by jury, which will be denied unless the district court's complained of rulings are vacated.

Alternatively, this Court should issue the common-law writ of certiorari sought by petitioner **Gabriel** to review the respondent Court of Appeals' complained of decision. **Mallard v. U. S. District Court for the Southern District of Iowa**, _____ U.S. _____, 109 S.Ct.

1814, _____ L.Ed.2d _____ (1989), furnishes one of the most recent examples of this Court's use of the common-law writ of certiorari to review a Court of Appeals refusal to issue a writ of mandamus. Petitioner **Gabriel** has established that the compelling ground set forth in **U. S. Sup. Ct. Rule 17.1(c), 28 U.S.C.**, for the issuance of a statutory writ of certiorari is present in this matter, i.e., the respondent Court of Appeals' complained of ruling has decided a federal question in a way in conflict with applicable decisions of this Court. In particular, **Dairy Queen, Inc.**, supra, emphasizes that a Court of Appeals has a responsibility "**to grant mandamus where necessary to protect the constitutional right to trial by jury.**" Yet, the respondent Court of Appeals refused to issue a writ of mandamus upon petitioner **Gabriel's** application

therefor, holding that "review by mandamus or prohibition . . . is not shown to be appropriate in this case." If this Court for any reason decides that mandamus should not issue in this matter, then it should issue a common-law writ of certiorari under **28 U.S.C. § 1651(a)**. And, after due consideration in accordance with **U. S. Sup. Ct. Rule 23.1, 28 U.S.C.**, this Court should summarily dispose of this matter on the merits by reversing the respondent Court of Appeals' decision.

WHEREFORE, PETITIONER RESPECTFULLY PRAYS that this Court issue a writ of mandamus, summarily directing the United States Court of Appeals for the Fifth Circuit to grant petitioner's application for a writ of mandamus or of

prohibition, or, in the alternative, for permission to appeal from an interlocutory decision.

IN THE ALTERNATIVE, petitioner prays that this Court issue a common-law writ of certiorari, and, after due consideration, this Court summarily reverse the decision of the United States Court of Appeals for the Fifth Circuit denying petitioner's application for extraordinary writs or an interlocutory appeal.

Respectfully submitted:

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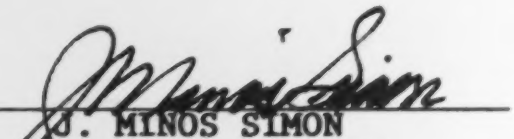
By: 

J. MINOS SIMON
Bar Roll No. 12278

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of this petition of **Gabriel International, Inc.**, for a writ of mandamus or of certiorari has this date been supplied to **Honorables Henry A. Politz, Will Garwood** and **E. Grady Jolly, Jr.**, of the Untied States Court of Appeals for the Fifth Circuit, **Hon. Nauman S. Scott** of the United States District Court for the Western District of Louisiana and all counsel of record by United States Mail, postage prepaid and properly addressed.

Lafayette, Louisiana, this 19th day of October, 1989.

MINOS SIMON

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APPENDIX

IN THE UNITED STATES COURT OF APPEALS

FOR THE FIFTH CIRCUIT

No. 89-4713

IN RE:

GABRIEL INTERNATIONAL, INC.,

Petitioner

- - - - - - - -

On Petition for Writ of Mandamus and/or Prohibition to the United States District Court for the Western District of Louisiana

- - - - - - - -

Before POLITZ, GARWOOD and JOLLY, Circuit Judges

BY THE COURT:

IT IS ORDERED that the petition for writ of mandamus and/or prohibition is DENIED

IT IS FURTHER ORDERED that petitioner's alternative motion for permission to appeal from an interlocutory decision is DENIED

We do not pass on the merits of the district court's challenged order; we merely hold that review by mandamus or prohibition or by interlocutory appeal is not shown to be appropriate in this case.

IN THE UNITED STATES DISTRICT COURT FOR

THE WESTERN DISTRICT OF LOUISIANA

OPELOUSAS DIVISION

GABRIEL INTERNATIONAL, INC.	CIVIL ACTION
VERSUS	NO. 89-1640-O
M & D INDUSTRIES OF LOUISIANA, INC., PATRIOT CHEMICAL & EQUIPMENT CORPORATION, DON BURTS AND GERALD HEBERT	JUDGE SCOTT

"R U L I N G

Before us is defendants' Motion for a Protective Order under Fed. R. Civ. P. 26(c).

Plaintiff, Gabriel International, Inc., brought this diversity suit against defendants, M & D Industries, Patriot Chemical, Don Burts and Gerald Hebert, alleging misappropriation of a trade secret in violation of the

Uniform Trade Secrets Act, LSA-R.S. 51:1431 et seq. To prevail on such a charge, the plaintiff must establish (1) possession of knowledge or information that is not generally known; (2) communication of this knowledge or information by the plaintiff to the defendant under an express or implied agreement limiting its use or disclosure by the defendant; and (3) use or disclosure by the defendant of this knowledge or information in violation of the confidence, to the injury of the plaintiff. Wheelabrator Corp. v. Fogle, 317 F. Supp. 633, 637 (W.D. La. 1970) [citing Great Lakes Carbon Corp. v. Continental Oil Company, 219 F. Supp. 468, 498 (W.D. La. 1963]. Clearly, the threshold issue is "whether in fact there was a trade secret to be misappropriated." Id. **Here, the plaintiff has not yet established the existence of a trade secret nor, for**

that matter, the existence of an express or implied agreement limiting its disclosure by the defendant.

In the Memorandum in Support of the Motion for a Protective Order, defendants contend that plaintiff's subpoena of defendants' principal customers is an attempt to harass and alienate these customers. Defendants further contend that the information sought by plaintiff from these customers could be directly obtained from defendants.[1]

Fed. R. Civ. P. 1 commands that the procedural rules 'shall be construed to secure the just, speedy, and inexpensive determination of every action.' (Emphasis added). The discovery provisions 'are subject to the injunction in Rule 1 . . .' Hebert v. Lando, 441 U.S. 153, 177, 60 L.Ed.2d 115, 134 (1979). Thus, while Fed. R. Civ. P. 26(c) permits the court to issue a protective order to

protect a party or person from annoyance, oppression or undue burden, this ability must be interpreted in light of the directive in Rule 1. **In this instance, compliance with the speedy and inexpensive instruction of Rule 1 dictates that the plaintiff first establish the existence of a trade secret before consideration of whether we should definitively grant or deny defendants' motion.**

Accordingly, based on the foregoing law and facts, we find it inappropriate at this time to grant defendants' motion. **Rather, we order that an evidentiary hearing be held on September 6, 1989 at 10:00 o'clock a.m. at which hearing the plaintiff shall be required to prove, by a preponderance of the evidence, the existence of a trade secret by evidence including the substance of the trade secret, its origin**

and duration, its secret and exclusive character since origin, and the measures taken to preserve its secret and exclusive character to date. Should the plaintiff carry this burden, the court will reconsider defendants' motion.

Therefore, we DENY defendants' motion, subject to a right of renewal, such right to be determined after the evidentiary hearing of September 6, 1989.

DONE AND SIGNED at Alexandria, Louisiana, this 29th day of August, 1989. (Emphasis added).

/s/ Nauman S. Scott
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT FOR

THE WESTERN DISTRICT OF LOUISIANA

OPELOUSAS DIVISION

GABRIEL INTERNATIONAL, INC.	:	CIVIL ACTION
-vs-	:	NO. 89-1640-O
M & D INDUSTRIES OF LOUISIANA, INC., PATRIOT CHEMICAL & EQUIPMENT CORPORATION, DON BURTS AND GERALD HEBERT	:	JUDGE SCOTT

AMENDED RULING

We issue this Ruling to amend and complement our Ruling of August 29, 1989.

On July 21, 1989 Gabriel International, Inc. (Gabriel) filed a complaint against M & D Industries of Louisiana, Inc. (M & D), Patriot Chemical & Equipment Corporation (Patriot), Don Burts (Burts), and Gerald Hebert

(Hebert) **seeking injunctive relief and damages under Louisiana's Uniform Trade Secret Act** (LSA-R.S. 51:1431, et seq.). **The complaint seeks damages**, injunctive relief and an immediate issuance of an order by the Court providing that the record of this action be sealed; that all persons involved in the litigation be enjoined from disclosing plaintiff's alleged trade secret without prior court approval and any disclosure of plaintiff's alleged trade secret in the progress of litigation shall be restricted to parties and counsel for the parties and their assistants. **Plaintiff also prayed for trial by jury.**

A form of order for secrecy and for sealing the record was attached to the record and the execution of such order by the court is authorized under LSA-R.S. 51:1435 which provides as follows:

> "In an action under this Chapter, a court shall preserve the secrecy of an alleged trade secret by reasonable means, which may include granting protective orders in connection with discovery proceedings, holding in camera hearings, sealing the records of the action, and ordering any person involved in the litigation not to disclose an alleged trade secret without prior court approval."

Upon examining the complaint **the Court noted that there was absolutely no evidence or affidavit attached to support plaintiff's allegation that a trade secret or secrets existed or that the plaintiff was the owner thereof.** The only reference to the existence to such an order is found in paragraph three of the complaint which merely tracks the conclusory language of the statute and adds that plaintiff requires it employees to execute secrecy agreements as a condition to their employment. Naturally plaintiff did not produce evidence at the time of filing

its complaint because the order preserving the secrecy of such evidence had not yet been signed. Certainly a formula, pattern, compilation, program, device, method, technique or process which has at any time been open to public knowledge, cannot thereafter be made secret by inserting a clause in employment contracts or by any other process. The court felt under the circumstances that the order should not be signed ex parte without allowing some delay for possible opposition. No opposition having been filed and upon the telephone request of plaintiff's attorney, the Court signed the order on August 11, 1989, some 21 days after the filing of the complaint.

On the same date, August 11, 1989, the Clerk of Court in Shreveport, Louisiana received and filed defendants' Motion for an Expedited Hearing and a

Protective Ordered followed later by defendants' Answer and Counter-Claims. These pleadings contained factual allegations disputing plaintiff's claim that trade secrets existed and that plaintiffs were the owners thereof and documentary evidence in support thereof. Defendants also claimed that the defendants and plaintiff are competitors and that all of the information sought from five of its customers noticed by plaintiff for deposition could be furnished by defendants and that these depositions and the entire proceedings are being pursued to harass defendants to embarrass them in their relationship with their customers and to adversely affect their business.

The vigor with which this case has been prosecuted in the approximately one month of its existence prior to our discussions and hearing of Friday,

August 25, 1989 has convinced this Court that these proceedings are unusually controversial; that they promise to be voluminous, detailed and a great expense to the parties. Our examination of LSA-R.S. 51:1431 et seq. and the authorities cited in our Ruling of August 29, 1989 has **convinced us that plaintiff has no rights whatsoever unless a trade secret or secrets exist and it is the owner of that trade secret or secrets.** We have already sealed the record and utilized our injunctive powers to assure secrecy in this proceeding. We did this ex parte, at the request of plaintiff's counsel and without the support of any evidence whatsoever because we realized that plaintiff could not reveal that evidence until assured of secrecy by our signing its Order on August 11, 1989.

Now that secrecy is assured there is no reason why this evidence should not be produced.

It is plaintiff's position that this is a jury trial; that the trade secret issue is an issue of fact which should be submitted to and decided only by jury and that it is inappropriate that it be submitted to the Court for decision. Stated differently, any plaintiff, even an imposter, could impose the burden, delay, inconvenience and expense (and harassment if brought by an imposter) and the Court is powerless to restrain it. We disagree.

We find that if a trade secret or secrets exist and that plaintiff is the owner, the plaintiff necessarily, and without the need to resort to depositions, interrogatories or any other form of discovery is now in a position to present in secrecy the evidence required

to determine that a trade secret or secrets exist and that plaintiff is the owner thereof. In our original Ruling of August 29, 1989, Appendix A attached, we treated this issue as a procedural matter and are fully empowered to act on the basis of the authorities cited therein. We are also empowered under Fed. R. Civ. P. 16(a)(1)(2)(3) and principally (c)(11).[1] Finally **it is a question of jurisdiction**. This is a diversity action for injunctive relief and damages under the Louisiana's Uniform Trade Secret Act (LSA-R.S. 51:1431, et seq.) which is restricted to one class of plaintiffs. Plaintiff must be the owner of a trade secret or secrets. **This is a jurisdictional limitation inherent in the statute.** Matters of jurisdiction are not required to be presented by motion for summary judgment, by motion for directed ver-

dict, or by interrogatories to the jury. That a court must protect its jurisdiction and has a duty to do so is such a fundamental principle of our federal system that it requires no citation. Although our initial interest was principally procedural, **it certainly follows that if plaintiff cannot prove that a trade secret or secrets exist and that it is the owner thereof, this matter will be dismissed for lack of jurisdiction.**

For the above reasons **it is the opinion of this Court that**, unless plaintiff's status as owner of a trade secret is established by stipulation or otherwise, **it would be appropriate in every case that the plaintiff establish in a confidential evidentiary hearing that he is an owner of a trade secret as we have held in this proceeding.** Therefore we DENY plaintiff's motion

that our Ruling of August 29, 1989 as amended and complemented herein, should be vacated. **We agree with plaintiff that the Ruling involves a controlling question of law as to which there is a substantial ground for difference of opinion and that an immediate appeal from the Order may materially advance the ultimate termination of the litigation. All as is contemplated under the provisions 28 U.S.C. 1292(b).**

DONE AND SIGNED at Alexandria, Louisiana, this 12th day of September, 1989.

/s/ Nauman S. Scott
UNITED STATES DISTRICT JUDGE

FOOTNOTES

1/ As explained by the Advisory Committee, amended Rule 16 shifts "the emphasis away from a conference focused solely on the trial and toward a process of judicial management that embraces the entire pretrial phase, especially motions and discovery." Thus, although the listed objectives include improving the quality of trial and facilitating settlement, also mentioned are measures designed to expedite disposition of the action to establish early control of the case with the overall objective of avoiding protracted pretrial activities and litigation. In this instance, our pretrial order of an evidentiary hearing is designed to accomplish these objectives. In Davis v. Duplantis, 448 F.2d 918 (5th Cir. 1971), the court stated that "[t]he trial judge must be permitted wide latitude in guiding a case through its preparatory stages. His decision as to the extent that pretrial activity should prevent the introduction of otherwise competent and relevant testimony at trial must not be disturbed unless it is demonstrated that he has clearly abused the broad discretion vested in him by Rule 16." Id. at 921.

UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF LOUISIANA

LAFAYETTE-OPELOUSAS DIVISION

GABRIEL INTERNATIONAL	**CIVIL ACTION**
VERSUS	**NO: 89-1650**
M&D INDUSTRIES OF LOUISIANA, INC., PATRIOT CHEMICAL & EQUIPMENT CORPORATION, DON BURTS and GERALD HEBERT	**SECTION "O"** **JUDGE SCOTT** **MAG. METHVIN**

PLAINTIFF'S FORMAL OBJECTION TO THE RULING/ORDER OF THE COURT OF AUGUST 29, 1989

Gabriel International, Inc., appearing through undersigned counsel, for objection to the Ruling/Order of the Court of August 29, 1989, respectfully represents that:

INTRODUCTORY STATEMENT

1. On July 21, 1989, plaintiff filed a complaint against defendants herein seeking to vindicate and enforce its rights conferred upon plaintiff by substantive Louisiana law, i.e., the Uniform Trade Secrets Act (LSA-R.S. 51:1431, et seq.), invoking the diversity jurisdiction of the Court, the action or matter in controversy being between and among citizens of different states and its claim having a value in excess of $50,000.00, exclusive of interest and costs.

2. In its complaint, plaintiff alleged that it had developed drilling fluid additives through original research, including specifically, those products bearing the trade names of "Liquid Casing" and "OM-Seal", these products being designed to eliminate differential

sticking tendencies in oil well drilling operations and to prevent or minimize lost circulation of drilling fluids.

3. Plaintiff also affirmatively alleged that the information concerning its products is not generally known to or readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and that its products derive economic value from not being generally known or ascertainable by proper means. In an effort to shield its product against becoming generally know, plaintiff engaged in reasonable efforts of maintaining the secrecy of its information by requiring its employees to execute secrecy agreements as a condition of their employment by limiting its employees' access to such information on a "need to know basis" and otherwise shielded the

disclosure of that information as to other parties through the use of non-disclosure agreements and other security measures.

4. Plaintiff further affirmatively alleged that defendants misappropriated its trade secrets and began manufacturing essentially identical products as plaintiff's product but disguised it under the name of "Ultra-seal XP" and "Ultra-seal C", causing economic damage to plaintiff for which plaintiff seeks recovery.

5. In due course and in an effort to make discovery of material fact in support of its complaint, plaintiff gave notice to take the depositions and request for production of documents and things of Exxon Corporation, First Energy Corporation, Mobil Oil Corpora-

tion, Global Chemical, Inc. and Petroleum Engineers, Inc. for September 6, 1989, there to interrogate deponents, to inspect and copy documents, and to inspect and examine defendants' disguised products as a means of generating proof of the misappropriation by defendants of plaintiff's products.

6. In response to plaintiff's notice of depositions aforesaid, defendants jointly filed a motion for a protective order pursuant to F.R.C.P. 26(c) together with a supporting memorandum, essentially seeking to prohibit plaintiff from making discovery as noticed, "until such time that plaintiff has established that it has a protectable trade secret that was disclosed to any defendant".

7. A hearing on defendants' motion was heard on August 25, 1989, and a formal ruling made on August 29, 1989, a facsimile of which ruling was received by plaintiff's undersigned counsel on August 30, 1989. While denying defendants' motion, subject to a right of renewal, and in lieu of the granting of defendants' motion, the Court issued the following order:

> "We order that an evidentiary hearing be held on September 6, 1989, at 10:00 o'clock a.m. at which hearing the plaintiff shall be required to prove, by a preponderance of the evidence, the existence of a trade secret by evidence including the substance of the trade secret, its origin and duration, its secret and exclusive character since origin, and the measures taken to preserve its secret and exclusive character to date. Should the plaintiff carry this burden, the Court will reconsider defendants' motion."

OBJECTION TO THE FOREGOING RULING

8. Under the Uniform Trade Secrets Act of Louisiana, exclusively applicable in this cause, a trade secret is defined as follows:

> "(4) 'Trade secret' means information, including a formula, pattern, compilation, program device, method, technique, or process, that:
>
> (a) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use, and
>
> (b) is the subject of efforts that area reasonable under the circumstances to maintain its secrecy."
>
> R.S. 51:1431

9. Under the provisions of the Uniform Trade Secrets Act, plaintiff's complaint presents three essential merit issues: (A) The existence of a trade secret as defined by State law, (B) The misappropriation of that trade secret by

defendants, and (C) Damages sustained by plaintiff as a result of such misappropriation.

10. The order of the Court compels plaintiff to prove, by a preponderance of the evidence, the first essential merit issue of its complaint, at an evidentiary hearing before the Court for the exclusive determination by the presiding judge. As plaintiff's complaint affirmatively demonstrates, plaintiff has requested trial by jury of all of the merit issues of its complaint, a right secured to plaintiff by the Seventh Amendment to the United States Constitution. The order of the Court directing that plaintiff prove, by a preponderance of the evidence, to the Court rather than to a duly impaneled

jury, operates to deny plaintiff of its right to a trial by jury of all the merit issues of its complaint.

11. The order of the Court further deprives and denies plaintiff of his Fifth Amendment due process right of making discovery, as an essential aid to developing material facts needful to the prosecution of its claim before a duly impaneled jury, without first proving any essential merit issue involved in his claim.

12. For the foregoing reasons, plaintiff respectfully objects to the ruling of the Court of August 29, 1989.

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C E R T I F I C A T E

I HEREBY CERTIFY that a copy of the plaintiff's objection to the ruling of the Court of August 29, 1989, has been supplied to Honorable Nauman S. Scott and to counsel for the defendants herein.

Lafayette, Louisiana, this 31st day of August, 1989.

/s/ J. Minos Simon
J. MINOS SIMON

UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF LOUISIANA

LAFAYETTE-OPELOUSAS DIVISION

GABRIEL INTERNATIONAL, INC.	CIVIL ACTION
VERSUS	NO: 89-1650
M&D INDUSTRIES OF LOUISIANA, INC., PATRIOT CHEMICAL & EQUIPMENT CORPORATION, DON BURTS and GERALD HEBERT	SECTION "O" JUDGE SCOTT MAG. METHVIN

MOTION TO RECALL; ALTERNATIVELY MOTION TO CERTIFY THE ISSUE FOR IMMEDIATE REPEAL REVIEW; ALTERNATIVELY MOTION TO STAY PENDING APPLICATION FOR A WRIT OF MANDAMUS, ALTERNATIVELY CERTIORARI AND/OR PROHIBITION

Gabriel International, Inc., appearing through undersigned counsel, for cause herein, respectfully represents that:

I.

Plaintiff respectfully moves the Court to recall its ruling/order of August 29, 1989, whereby plaintiff is

prohibited from engaging in pretrial discovery proceedings until such time as plaintiff shall have established by a preponderance of the evidence in an evidentiary hearing scheduled before the Court on September 13, 1989, one of the essential merit issues of his complaint, i.e., he owns and possesses a trade secret within the meaning of applicable state law. This order operates to deprive plaintiff of his constitutionally secured right to trial by jury of that essential merit issue of his complaint. The order further deprives plaintiff of his due process right to engage in meaningful discovery procedures in aid of his burden of proof as to the merit issues of his complaint.

II.

At the very least the order of August 29, 1989, involves a controlling question of law as to which there is

substantial grounds for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation. Alternatively, therefore, plaintiff respectfully moves the Court to amend its original order by affirmatively stating in writing in such order that the order does involve a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimately termination of the litigation, all pursuant to 28 U.S.C. § 1292(b).

III.

As earlier stated, the order in question deprives plaintiff of its constitutionally secured right to trial by jury of the merit issues of its complaint and also operates to deny to

plaintiff its constitutionally secured due process right of engaging in discovery proceedings in its search for truth. Thus, the effect of the order furnishes substantial grounds for the extraordinary process of the writ of mandamus and alternatively for the writ of certiorari and review. In the event the Court should decline to recall its August 29, 1989 order or to certify that the order does present a substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation, and thereupon grant an immediate appeal, it is plaintiff's intention to apply to United States Court of Appeals, Fifth Circuit for a writ of mandamus or alternatively a writ of certiorari and prohibition pursuant to 28 USCA 1651. Plaintiff, therefore, respectfully moves the Court

in the alternative to grant a stay order which shall stay the execution of its order of August 29, 1989, until such time as plaintiff shall have perfected the filing of its application for a writ of mandamus and/or certiorari and prohibition and that such application shall have been finally determined.

Respectfully submitted:

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BY: /s/ J. Minos Simon
J. MINOS SIMON
Bar Roll No: 12278

C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing has this day been served upon all counsel of record by placing a copy of same in the United States mail, postage prepaid and properly addressed.

Lafayette, Louisiana, this 5th day of September, 1989.

/s/ J. Minos Simon
J. MINOS SIMON

(2)

No. 89-656

In The

Supreme Court of the United States

October Term, 1989

IN RE GABRIEL INTERNATIONAL, INC.,

Petitioner.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITIONS FOR WRITS OF MANDAMUS OR CERTIORARI

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Petitioner.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITIONS FOR WRITS OF MANDAMUS OR CERTIORARI

I. STATEMENT OF THE CASE

Respondents[1] accept as accurate the statement of the case presented by the Petitioner.

[1] This brief is filed on behalf of Respondents, M&D Industries of Louisiana, Inc., Patriot Chemical & Equipment Corporation, Don Burts, and Gerald Hebert, all of whom are defendants in the District Court and were Respondents in the Court of Appeals for the Fifth Circuit. A correct listing of the parties to the proceedings appears in Petitioner's Petition for a Writ of Mandamus or Certiorari on page iii.

II. REASONS FOR DENYING THE PETITIONS FOR WRITS OF MANDAMUS OR CERTIORARI

A. The Court of Appeals for the Fifth Circuit Properly Denied Petitioner's Application for Permission to Appeal from an Interlocutory Decision.

1. 28 U.S.C. § 1292(b) Gives the Court of Appeals for the Fifth Circuit Full Discretion to Deny Permission to Appeal from an Interlocutory Decision.

The Court of Appeals for the Fifth Circuit had full discretion to deny Petitioner's petition for appeal from an interlocutory order. 28 U.S.C. § 1292(b) reads, in relevant part, as follows:

> The Court of Appeals which would have jurisdiction of an appeal of such action *may* thereupon, *in its discretion,* permit an appeal to be taken from such order . . . (emphasis added)

B. The Court of Appeals for the Fifth Circuit Properly Denied Petitioner's Application for a Writ of Mandamus or of Prohibition.

1. 28 U.S.C. § 1651(a) Gives the Court of Appeals for the Fifth Circuit Full Discretion to Deny Petition for a Writ of Mandamus or Prohibition.

The Court of Appeals for the Fifth Circuit had full discretion to deny Petitioner's petition for the extraordinary writs of mandamus or prohibition. 28 U.S.C. § 1651(a) reads as follows:

> The Supreme Court and all courts established by Act of Congress *may* issue all writs necessary or

> appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law. (emphasis added)

2. Strong Public Policy Considerations Argue Against Use of Writs as a Substitute for Appeal.

This Court has repeatedly articulated the strong public policies against piecemeal litigation through the appeal of interlocutory decisions. *Roche v. Evaporated Milk Ass'n.*, 319 U.S. 21, 30, 63 S.Ct. 938, 943-944 (1943); *Kerr v. United States Dist. Court for the N. Dist. of Cal.*, 426 U.S. 394, 403, 96 S.Ct. 2119, 2124 (1976); *Will v. United States*, 389 U.S. 90, 96, 88 S.Ct. 269, 274 (1967). Recognition of the vices inherent in interlocutory appeals has led this Court to consistently resist requests to enlarge the scope of interlocutory appeals. *See* for example *Richardson-Merrel, Inc. v. Koller*, 472 U.S. 424, 432, 105 S.Ct. 2757, 2762 (1985); *Gardner v. Westinghouse Broadcasting Co.*, 437 U.S. 478, 480, 98 S.Ct. 2451, 2453 (1978); *Coopers & Lybrand v. Livesay*, 437 U.S. 463, 474, 98 S.Ct. 2454, 2461 (1978).

Because a writ of mandamus or prohibition can serve to review an interlocutory decision, this Court has made it clear that the extraordinary writs should not be used as a substitute for an appeal. *Will*, 389 U.S. at 97, 88 S.Ct. at 274.

> [W]hile a function of mandamus in aid of appellate jurisdiction is to remove obstacles to appeal, it may not appropriately be used merely as a substitute for the appeal procedure prescribed by the statute.

Roche, 319 U.S. at 26, 63 S.Ct. at 941.

> In issuing the writ the court of appeals below has done no more than substitute mandamus for an appeal contrary to the statutes and the policy of Congress, which has restricted that court's appellate review to final judgments of the district court.

Roche, 319 U.S. at 32, 63 S.Ct. at 945.

3. Petitioner Must Show Both that it has no Alternative Means to Attain Relief and that its Right to a Writ is Clear and Indisputable.

To ensure that extraordinary writs issue only in extraordinary circumstances, this Court has promulgated guidelines for the use of writs. The Court has set forth the following conditions, reiterated recently in *Mallard v. United States Dist. Court for the S. Dist. of Iowa*, ___ U.S. ___, ___, 109 S.Ct. 1814, 1822 (1989), which must be met before a court may issue a writ:

> Among these [conditions] are that the party seeking issuance of the writ have *no other alternative means to attain the relief he desires, and* that he satisfy "the burden of showing that [his] right to issuance of the writ is *'clear and indisputable.'* ". . . . Moreover, it is important to remember that issuance of the writ is in large part a matter of *discretion* with the court to which the petition is addressed. (emphasis added, citations omitted)

Kerr, 426 U.S. at 403, 96 S.Ct. at 2124.

Application of these guidelines to the instant case leads to the conclusion that a court consider the request for a writ and proceed to exercise its discretion by either issuing or refusing to issue the writ only if Petitioner is

able to show that: 1) no alternative means of relief are open to him; *and* 2) that he has a clear and indisputable right to the writ.

4. Issuance of a Writ would be Improper because Petitioner has Alternative Means for Attaining Relief.

The District Court order which is the basis for the Petition calls on Petitioner to appear for an evidentiary hearing to establish the existence of a trade secret. Petitioner may be able to obtain relief from the effects of the order by successfully establishing the existence of a trade secret. Should Petitioner fail to establish the existence of a trade secret, the District Court is likely to dismiss Petitioner's case on the merits. Petitioner will not, in that event, be without alternative means of relief since it could then take an appeal of right to the Court of Appeals for the Fifth Circuit and obtain a review on the merits of the District Court's order.

Thus, Petitioner undeniably has available to it recognized and well established alternative means of seeking relief from the District Court's order. Petitioner's request for a writ should be summarily denied because a writ may only issue if a petitioner has no alternative means for seeking relief.

5. Issuance of a Writ would also be Improper because Petitioner's Right to a Writ is not Clear and Indisputable.

Petitioner argues that its complaint presents three essential substantive issues: 1) whether petitioner is the

owner of trade secrets; 2) whether there has been misappropriation of those trade secrets; and 3) the amount of damages sustained. The essence of Petitioner's argument is that by requiring Petitioner to establish the first of these substantive issues in an evidentiary hearing, the District Court will deprive Petitioner of its constitutionally guaranteed right of trial by jury, which Petitioner has timely requested.

(a) A litigant's right to a jury trial is not absolute.

It is indisputable that the right to a trial by jury is not absolute. Exceptions to and qualifications of the basic constitutional right to a trial by jury have been long recognized. For example, Fed. R. Civ. P. 50 provides for a directed verdict and for a judgment notwithstanding the verdict. Another device which effectively denies a party a trial by jury is the summary judgment, Fed. R. Civ. P. 56. These devices are used specifically to take the factual determination out of the hands of the jury. In a very real sense, use of these devices negates a party's right to a trial by jury; yet these devices are well established and have not been held to be a violation of the constitutional right to a jury trial.

The contention that procedural devices which have the effect of depriving a party of its right to a trial by jury are automatically in violation of the constitutional right to a trial by jury has long ago been discredited. In the context of the summary judgment device, for example, 10 Wright, Miller & Kane, *Federal Practice and Procedure: Civil 2d* § 2714 (1983) states that:

> As early as 1902 the Supreme Court addressed itself to the problem whether the summary judgment procedure in force in the District of Columbia was constitutional. It stated:
>
> If it were true that the rule deprived the plaintiff in error of the *right* of trial by jury, we should pronounce it void without reference to cases. But it does not do so. It prescribes the means of making an issue. The issue made as prescribed, the right of trial by jury accrues. The purpose of the rule is to preserve the court from frivolous defenses, and to defeat attempts to use formal pleading as a means to delay the recovery of just demands. Certainly a salutary purpose, and hardly less essential to justice than the ultimate means of trial. . . .

As stated by Robert Dodge, one of the members of the original Advisory Committee:

> In reality, the rule [Fed. R. Civ. P. 56] does not interfere in the slightest degree with the right of trial by jury, because the court can not, of course, enter a summary judgment if there is any issue of fact to be tried, and if the court erroneously orders a summary judgment, the right of appeal will protect the party.

(b) The District Court's power to summarily dispose of frivolous claims derives from Fed. R. Civ. P. 16.

In the analysis that follows, we first discuss the propriety of the District Court's stated grounds for its rulings. We next proceed to show that what the District Court has done, in substance if not in precise form, is to properly order the convening of a pretrial conference. It

is at this pretrial conference that the District Court sought to issue, if appropriate, a *sua sponte*, summary judgment.

The District Court states three grounds in its rulings. Cited are Fed. R. Civ. P. 1, 26, and 16. Rule 1 states that the Rules of Civil Procedure "shall be construed to secure the just, speedy, and inexpensive determination of every action." The District Court cited Rule 1 in conjunction with Rule 26(c) on protective orders, and it was in the context of a protective order that the Respondents requested and were granted a hearing on the existence of a trade secret. In its original Ruling of August 29, 1989, the District Court stated:

> Thus, while Fed. R. Civ. P. 26(c) permits the court to issue a protective order to protect a party or person from annoyance, oppression or undue burden, this ability must be interpreted in light of the directive in Rule 1. In this instance, compliance with the speedy and inexpensive instruction of Rule 1 dictates that the plaintiff first establish the existence of a trade secret before consideration of whether we should definitively grant or deny defendants' motion.

In its Amended Ruling of September 12, 1989, the District Court determined that it derived additional authority from Fed. R. Civ. P. 16, which deals with pretrial conferences. Fed. R. Civ. P. 16 reads, in part, as follows:

> (a) *Pretrial Conferences; Objectives.* In any action, the court may in its discretion direct the attorneys for the parties . . . to appear before it for a conference or conferences before trial for such purposes as
>
> (1) expediting the disposition of the action;

> (2) establishing early and continuing control so that the case will not be protracted because of a lack of management;
>
> (3) discouraging wasteful pretrial activities; . . .
>
> * * *
>
> (c) *Subjects to be Discussed at Pretrial Conferences.* The participants at any conference under this rule may consider and take action with respect to
>
> (1) the formulation and simplification of the issues, including the elimination of frivolous claims or defenses; . . .

In substance, if not in form, the hearing prescribed by the District Court was a pretrial conference. While neither the District Court nor the parties labelled the hearing as such, it is clear that the hearing would, in effect, be a pretrial conference. The purposes of the hearing were: to expedite the disposition of the action; to establish early and continuing control so that the case will not be protracted because of a lack of management; and, most particularly, to discourage the wasteful pretrial activities, specifically, the discovery proposed to be carried out by all parties to the case. The three purposes closely track the above-quoted objectives of pretrial conferences in Rule 16(a).

Rule 16(c)(1), which was added in 1983, gives powerful support to the propriety of the District Court's action. Rule 16(c)(1) empowers the court to eliminate frivolous claims. Inferred is that, in the event that all the claims are frivolous or based on a common frivolous ground, the court is empowered to dismiss the case. The Notes of

Advisory Committee on Rules – 1983 Amendment, accompanying Rule 16(c)(1) state:

> The reference in Rule 16(c)(1) to "formulation" is intended to clarify and confirm the court's power to identify the litigable issues. It has been added in the hope of promoting efficiency and conserving judicial resources by identifying the real issues prior to trial, thereby saving time and expense for everyone. . . . *The notion is emphasized by expressly authorizing the elimination of frivolous claims or defenses at a pretrial conference. There is no real reason to require that this await a formal motion for summary judgment. Nor is there any reason for the court to wait for the parties to initiate the process called for in Rule 16(c)(1).* (emphasis added)

As the Notes of the Advisory Committee make clear, the court is specifically authorized to initiate the elimination of frivolous claims *sua sponte* in a pretrial conference. Respondents assert that what the District Court has proposed is to conduct a *sua sponte* summary judgment proceeding. Such a procedure is perfectly proper under the Federal Rules of Civil Procedure.

(c) *Sua sponte* declaratory judgments are proper.

That a court may issue a declaratory judgment on its own initiative, as for example, in the context of a pretrial hearing, is well established. "[I]f the pretrial judge determines that no genuine issues of fact exist, he may direct the entry of judgment, which is tantamount to the grant of a summary judgment motion." 6 Wright & Miller, *Federal Practice and Procedure: Civil* § 1529 (1971). This was true even prior to the 1983 amendment to the Federal

Rules which introduced Rule 16(c)(1). For example, it is stated in 10A Wright, Miller & Kane, *Federal Practice and Procedure: Civil 2d* § 2720 (1983):

> Although Rule 56 specifically states that a summary judgment motion may be made by any party, it does not provide for a situation in which neither party moves under Rule 56 and the court desires to enter summary judgment sua sponte. . . . The major concern in cases in which the court wants to enter summary judgment without a Rule 56 motion by either party is not really one of power. As a practical matter, the court always can "invite" the appropriate party to move under Rule 56 when it thinks the case is ripe for summary disposition. Rather, the question raised by the court's action is whether the party against whom the judgment will be entered was given sufficient advance notice and an adequate opportunity to demonstrate why summary judgment should not be granted. If the court provides this opportunity, there seems to be no reason for preventing the court from acting on its own. To conclude otherwise would result in unnecessary trials and would be inconsistent with the objective of Rule 56 of expediting the disposition of cases. (references omitted)

There is abundant case law on the subject. For example, one court has stated:

> Summary disposition of a cause may logically and properly follow a pre-trial conference when the pre-trial procedures disclose the lack of a disputed issue of material fact and the facts so established indicate an unequivocal right to judgment favoring a party.

Wirtz v. Young Elec. Sign Co., 315 F.2d 326, 327 (10th Cir. 1963).

(d) Petitioner had the notice required by a *sua sponte* summary judgment.

This Court has recently reiterated its acceptance of the concept of court-initiated summary judgment:

> [D]istrict courts are widely acknowledged to possess the power to enter summary judgments *sua sponte*, so long as the losing party was on notice that she had to come forward with all of her evidence.

Celotex Corp. v. Catrett, 477 U.S. 317, 326, 106 S.Ct. 2548, 2554 (1986).

The Court, in *Celotex*, placed a caveat on the propriety of the *sua sponte* summary judgment. Specifically, the Court properly required that the losing party will have been put "on notice that she had to come forward with all of her evidence." *Celotex*, 477 U.S. at 326, 106 S.Ct. at 2554. For the court-initiated summary judgment to be proper, the losing party must have been on notice that it will be facing, in effect, a summary judgment proceeding, i.e., that if it does not prevail in the proceeding, it may, in the case of a plaintiff, have some of its claims, or its entire case dismissed.

There is little doubt that Petitioner was fully on notice. A passage from page 5 of Plaintiff's Memorandum in Support of its Motion to Recall; Alternatively to Certify the Existence of a Controlling Issue of Law; Alternatively to Stay the Proceedings, signed by Petitioner's counsel on September 5, 1989, shows that Petitioner fully realized that if it did not prevail in the pretrial hearing on the existence of a trade secret, its case would be dismissed:

> The order of the Court . . . commands plaintiff to prove to the Court . . . the existence or not of the trade secret which plaintiff affirmatively alleges in his complaint as part of the cause of action sought to be submitted for determination by a jury. *Obviously, should the Court decide, after such an evidentiary hearing, that plaintiff has failed to prove by a preponderance of the evidence the existence of a trade secret, plaintiff's complaint inexorably will be dismissed.* (emphasis added)

(e) Respondents have made a prima facie showing that Petitioner has no protectable trade secrets.

The controlling law is the Louisiana Uniform Trade Secrets Act of 1981 (LSA-R.S. 51:1431 *et seq.*). To invoke the Act, there must be a showing of the misappropriation of a trade secret. Clearly, for misappropriation to be possible, there must first be a trade secret. Hence, the threshold inquiry in every trade secrecy case is whether a trade secret in fact exists. *Wheelabrator Corp. v. Fogle*, 317 F. Supp. 633, 636 (W.D. La. 1970), *aff'd*, 438 F.2d 1226 (5th Cir. 1971); *Engineered Mechanical Servs. v. Langlois*, 464 So.2d 329, 333 (La. App. lst Cir. 1984), *cert. denied*, 467 So.2d 531 (1985).

The Louisiana Trade Secrets Act defines "trade secret" in § 1431(4) as:

> [I]nformation, including a formula, pattern, compilation, program, device, method, technique, or process, that:
>
> (a) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper

> means by other persons who can obtain economic value from its disclosure or use, and
>
> (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Because the two parts (a) and (b) of the definition of "trade secret" are in the conjunctive, both must be met for a trade secret to exist. In order to simplify the issues here, we will ignore part (b) of the trade secret definition and focus our attention on part (a).

Part (a) of the definition of trade secret itself contains two criteria which are also stated in the conjunctive. To be a trade secret, the matter must not have been generally known by those who can derive economic value from such knowledge and the matter must not be readily ascertainable by proper means by those who can derive economic value from disclosure or use of the matter.

Because both criteria of part (a) are in the conjunctive, a trade secret cannot exist unless both are satisfied.

Comment (e) to § 1431 of the Louisiana Uniform Trade Secret Act elaborates on the significance of the requirement that to be a trade secret a matter must not be generally known or ascertainable by proper means.

> The language "not being generally known to and not being readily ascertainable by proper means by other persons" does not require that information be generally known to the public for trade secret rights to be lost. If the principal person who can obtain economic benefit from information is aware of it, there is no trade secret. . . . Information is readily ascertainable if it is available in trade journals, reference books, or published materials.

Respondents have submitted to the District Court voluminous factual evidence that Petitioner's "trade secrets" are generally known in the industry and that, as a result, Petitioner has no trade secrets in connection with its products in this suit. The evidence consists of abundant proof demonstrating that the use of ground peanut shells as an additive in oil well drilling fluids is and has long been generally known and that this information is readily ascertainable from the published literature. The evidence consists of a large number of U.S. patents, dating back to 1956, and a variety of publicly available source materials, including trade publications and reference books.

Petitioner must be able to prove that its purported "trade secrets" were not generally known because it is impossible for a trade secret to exist if it was generally known. What Petitioner must prove is that the information in question was not known in publicly available sources, such as patents, trade publications, and reference books. No amount of discovery on the part of Petitioner or Respondents will help Petitioner prove that the information was not publicly available. It is for this reason that, while Petitioner has had no opportunity to conduct any discovery, *sua sponte* summary judgment is entirely proper in this case. Since discovery could not have helped Petitioner prove the existence of trade secrets, no discovery was required before the District Court initiated summary judgment-type proceedings.

The District Court appreciated the irrelevance of discovery in this context. On page 4 of its Amended Ruling of September 12, 1989, the District Court states:

> We find that if a trade secret or secrets exist and that plaintiff is the owner, the plaintiff necessarily, and without the need to resort to depositions, interrogatories or any other form of discovery is now in a position to present in secrecy the evidence required to determine that a trade secret or secrets exist and that plaintiff is the owner thereof.

(f) Petitioner's right to the writ is far from clear and indisputable.

It is thus obvious that it was perfectly proper for the District Court to schedule a *sua sponte* summary judgment hearing. The proposed procedure is perfectly in keeping with the well-established policies of expediting court actions and avoiding unnecessary expenses. Petitioner's right to the writs sought thus falls far short of being "clear and indisputable." In order to qualify for a writ, Petitioner must demonstrate that his right to the writ is clear and indisputable; it is evident therefore that Petitioner is not entitled to the writs it seeks.

C. That the District Court's Order may Implicate Petitioner's Right to a Jury Trial does not Alter the Conclusion that the Fifth Circuit's Denial of Petitioner's Application for a Writ of Mandamus or of Prohibition was Proper.

1. Petitioner's Assertion that the Right to a Jury Trial Must be Protected by a Writ of Mandamus is Unsupported by the Case Law and Inconsistent with Public Policy Considerations.

Petitioner's entire argument rests on the premise that the right to a jury trial is somehow more essential than other constitutional rights. Petitioner would have this

Court discard clear and well established public policy principles disfavoring the piecemeal appeal of interlocutory decisions and rule that, because Petitioner's right to a jury trial might be implicated, a writ of mandamus must issue. Petitioner bases its argument primarily on two Supreme Court cases, *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 79 S.Ct. 948 (1959) and *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 82 S.Ct. 894 (1962).

Petitioner's arguments are not well taken and its reliance on *Beacon Theatres* and *Dairy Queen* is misplaced. As an analysis of these cases and of the related case law will show, the considerations involved with respect to the issuance of a writ of mandamus where the right to a jury trial is implicated are no different, and on policy grounds ought not to be any different, than in any other case.

(a) The right to a jury trial in a civil case is no more important than other constitutional rights.

It is indisputable that a great deal of federal litigation involves constitutional rights. Whether judicial review of the litigation comes at the end of the trial court's proceedings, or at some intermediate point, is not, and for policy reasons should not be, dictated by the nature of the constitutional right. The right to a jury trial in civil cases is not one of the most essential constitutional rights. Of the first eight Amendments to the United States Constitution, the Seventh Amendment guarantee of a jury trial in a civil case is one of only three individual rights, along with the Second Amendment guarantee of the right to

bear arms and the Fifth Amendment guarantee of indictment by a grand jury in criminal prosecution, which this Court has explicitly found to be inapplicable to the states. *Minneapolis & St.Louis R.R. Co. v. Bombolis*, 241 U.S. 211, 217, 36 S.Ct. 595, 596 (1916).

(b) *Beacon Theatres* does not support Petitioner's position.

Petitioner relies heavily on *Beacon Theatres* for the proposition that a writ of mandamus must issue where the right to a jury trial has been denied. A closer examination reveals that the case does not stand for the proposition for which it has been cited, but is, instead, consistent with the position that cases implicating the right to jury trial should be treated, for the purposes of mandamus, no differently than cases implicating any other rights.

In *Beacon Theatres*, the Court concludes that "we think the right to grant mandamus to require jury trial where it has been improperly denied is settled." *Beacon Theatres*, 359 U.S. at 511, 79 S.Ct. at 957. A footnote at the end of the quoted passage cites a number of cases, among them two Supreme Court cases, *In re Simons*, 247 U.S. 231, 38 S.Ct. 497 (1918) and *In re Peterson*, 253 U.S. 300, 40 S.Ct. 543 (1920). The *Peterson* opinion approvingly cited *Simons* in denying a petition for writs of mandamus and/or prohibition. This makes *Simons* the more important source for the proposition quoted above in *Beacon Theatres*.

Simons involved two counts of breach of a contract to make a will. The case arose before the merging of the

equity and law courts. The trial judge transferred one of the two counts to the equity side, raising the possibility of two trials. The plaintiff sought, and the Supreme Court granted, a writ of mandamus to undo the trial court's action.

Had the Court not granted the writ, it is quite possible that the equity count would have gone to a bench trial before the jury trial on the law count could be held. In that case the decision of the equity court might have foreclosed the law claim through collateral estoppel (issue preclusion) or *res judicata* (claim preclusion). Because the plaintiff could not appeal the equity judgment on the basis of denial of a jury trial, the effect would have been the denial, nonredressable on appeal, of a jury trial on the legal count. It is this foreclosure of review of the right to a jury trial, the lack of alternatives for relief, which prompted the Court to issue the writ.

A similar situation recurred in *Beacon Theatres* where the plaintiff sought a declaratory judgment that a film licensing arrangement did not violate the antitrust laws. The defendant counterclaimed, seeking treble damages. The trial judge, dubbing the plaintiff's claim "equitable", ordered the plaintiff's claim to be tried first in a bench trial. The resolution of certain issues in the equity litigation would have been binding on the parties in the subsequent legal litigation through the doctrine of issue preclusion.

In granting a writ of mandamus, the Court in *Beacon Theatres* strongly intimated that it was the lack of alternative relief, not, as Petitioner in the instant case would

have this Court believe, the implication of the right to a jury trial, which justified the issuance of the writ:

> Thus the effect of the action of the District Court could be, as the Court of Appeals believed, "to limit the petitioner's opportunity fully to try to a jury every issue which has a bearing upon its treble damage suit," for *determination of the issue of clearances by the judge might "operate either by way of res judicata or collateral estoppel so as to conclude both parties with respect thereto at the subsequent trial of the treble damage claim."*

Beacon Theatres, 359 U.S. at 504, 79 S.Ct. at 953.

To justify use of the writ there must be an absence of alternatives for relief. Where, as in the instant case, alternatives for relief exist, a writ should not issue.

(c) *Dairy Queen* does not support Petitioner's position.

Petitioner also relies heavily on *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 82 S.Ct. 894 (1962) for the proposition that a writ of mandamus must issue where a right to a jury trial has been denied. A closer examination reveals that, as was the case with *Beacon Theatres* above, *Dairy Queen* does not stand for the proposition for which it has been cited, and is, instead, fully consistent with the long-standing position of this Court that cases implicating the right to jury trial should be treated no differently, for the purposes of mandamus, than cases implicating any other constitutional rights.

The Court in *Dairy Queen* cites *Beacon Theatres* as emphasizing "the responsibility of the Federal Courts of Appeals to grant mandamus *where necessary* to protect the

constitutional right to trial by jury." (emphasis added) *Dairy Queen*, 369 U.S. at 472, 82 S.Ct. at 897.

In *Dairy Queen*, the District Court denied a party's request for a jury trial on the ground that the case contained equitable as well as legal issues. The Supreme Court issued a writ of mandamus to compel the District Court to try all the issues in a single jury trial. Again, as in *Beacon Theatres*, the absence of alternative remedies justified the issuance of the writ. In the absence of a writ, a single bench trial would have been held. On direct appeal there would have been no reason to reverse the findings as to the equitable claims and the party would have been irreparably deprived of its right to a jury trial of the "incidental" equitable issues.

(d) The Supreme Court has reversed the issuance of a writ of mandamus where the right to a jury trial was denied through the granting of a new trial.

In a more recent case, this Court has reiterated its views on the guidelines for the issuance of writs of mandamus. *Allied Chem. Corp. v. Daiflon, Inc.*, 449 U.S. 33, 34-36, 101 S.Ct. 188, 190 (1980). The case offers many parallels with the instant case. Daiflon brought an antitrust suit against a number of defendants and was awarded large monetary damages by a jury. The trial court granted a motion for new trial. Daiflon successfully petitioned the Court of Appeals to reinstate the jury verdict. The Court of Appeals in issuing a writ of mandamus explicitly found that, by granting the motion for new trial, the trial court "invaded the province of the jury as the primary trier of fact, and interfered with Daiflon's

right to a jury trial under the Seventh Amendment." (citations omitted) *Daiflon, Inc. v. Bohanon*, 612 F.2d 1249, 1260 (10th Cir. 1979).

The invasion of the right to a jury trial in the *Daiflon* case was at least as egregious as in the instant case. When the court took the case away from the jury, the jury had already spent four weeks in trial and deliberations and had returned a verdict. In the instant case, by contrast, the litigation was still in its early pretrial stages when the trial court called for an evidentiary hearing to resolve the issue of the existence of a trade secret.

Despite the egregious denial of a right to a jury trial, this Court saw fit, in *Allied*, to reverse the Court of Appeal's granting of a writ of mandamus. This Court stated at the outset that an order granting a new trial is interlocutory in nature and therefore not immediately appealable. The order in the instant case, calling for an evidentiary hearing to consider, in effect, a *sua sponte* summary judgment, is likewise an interlocutory decision which is not immediately appealable.

This Court then pointed out that the ordering by a trial court of a new trial will seldom, if ever, justify the issuance of a writ of mandamus. The Court reiterated that the writ of mandamus is a drastic remedy which should only be invoked in the face of extraordinary circumstances. The Court again restated the conditions under which the writ may issue:

> In order to insure that the writ will issue only in extraordinary circumstances, this Court has required that a party seeking issuance have no other adequate means to attain the relief he

> desires, and that he satisfy the "burden of showing that [his] right to issuance of the writ is 'clear and indisputable.' " (citations omitted)

Allied Chem., 449 U.S. at 35, 101 S.Ct. at 190.

In words which could equally well apply in the instant case, the Court concluded that a writ was inappropriate because Daiflon had alternatives for relief and, independently, because Daiflon's right to this writ was not clear and indisputable since the granting of the writ was subject to the Court's discretion:

> A litigant is free to seek review of the propriety of such an order on direct appeal after a final judgment has been entered. Consequently, it cannot be said that the litigant "has no other adequate means to seek the relief he desires." The authority to grant a new trial, moreover, is confided almost entirely to the exercise of discretion on the part of the trial court. Where a matter is committed to discretion, it cannot be said that a litigant's right to a particular result is "clear and indisputable." (citations omitted)

Allied Chem., 449 U.S. at 36, 101 S.Ct. at 191.

III. CONCLUSION

The Court of Appeals for the Fifth Circuit had full discretion to deny Petitioner's application for permission to appeal from an interlocutory decision. Its denial was thus proper.

The Court of Appeals was not in the position to have exercised its discretion in issuing a writ of mandamus or prohibition and properly denied the petition stating that review by mandamus or prohibition "is not shown to be

appropriate in this case." For the Court of Appeals to have been in a position to exercise its discretion, Petitioner would have had to have shown that it lacked alternative avenues of relief and that its right to a writ was clear and indisputable. Neither of the two conjunctive conditions was satisfied in this case. Petitioner had, and continues to have, ample alternative avenues of appeal, for example, by appeal of right on the merits to the Court of Appeals. Additionally, Petitioner's right to a writ is far from clear and indisputable, since the procedure complained of amounts to a permissible *sua sponte* summary judgment. The Court of Appeals' rejection of the petition for a writ of mandamus or of prohibition and its characterization of the petition as inappropriate was thus proper and should be affirmed.

Furthermore, since issuance of a writ of mandamus or prohibition is at the discretion of the Court of Appeals, the Court of Appeals' denial of Petitioner's petition for writs of mandamus or prohibition would still have been proper even if Petitioner had no alternative means of relief and its right to a writ had been clear and indisputable.

For the reasons stated herein, the Writs of Mandamus and Certiorari should be denied.

Respectfully submitted,

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APPENDIX A

IN THE UNITED STATES DISTRICT COURT FOR
THE WESTERN DISTRICT OF LOUISIANA
OPELOUSAS DIVISION

GABRIEL INTERNATIONAL, INC.	:	CIVIL ACTION
-vs-	:	NO. 89-1640-O
M & D INDUSTRIES OF LOUISIANA, INC., PATRIOT CHEMICAL & EQUIPMENT CORPORATION, DON BURTS AND GERALD HEBERT	:	JUDGE SCOTT

RULING

Before us is defendant's Motion for a Protective Order under Fed. R. Civ. P. 26(c).

Plaintiff, Gabriel International, Inc., brought this diversity suit against defendants, M & D Industries, Patriot Chemical, Don Burts and Gerald Hebert, alleging misappropriation of a trade secret in violation of the Uniform Trade Secrets Act, LSA-R.S. 51:1431 *et seq.* To prevail on such a charge, the plaintiff must establish (1) possession of knowledge or information that is not generally known; (2) communication of this knowledge or information by the plaintiff to the defendant under an express or implied agreement limiting its use or disclosure by the defendant; and (3) use or disclosure by the defendant of this knowledge or information in violation

of the confidence, to the injury of the plaintiff. *Wheelabrator Corp. v. Fogle*, 317 F. Supp. 633, 637 (W.D. La. 1970) (citing *Great Lakes Carbon Corp. v. Continental Oil Co.*, 219 F. Supp. 468, 498 (W.D. La. 1963)). Clearly, the threshold issue is "whether in fact there was a trade secret to be misappropriated." *Id.* Here, the plaintiff has not yet established the existence of a trade secret nor, for that matter, the existence of an express or implied agreement limiting its disclosure by the defendant.

In the Memorandum in Support of the Motion for a Protective Order, defendants contend that plaintiff's subpoena of defendants' principal customers is an attempt to harass and alienate these customers. Defendants further contend that the information sought by the plaintiff from these customers could be directly obtained from defendants.[1]

Fed. R. Civ. P. 1 commands that the procedural rules "shall be construed to secure the just, *speedy*, and *inexpensive* determination of every action." (Emphasis added). The discovery provisions "are subject to the injunction in Rule 1 . . . ." *Herbert v. Lando*, 441 U.S. 153, 177, 60 L.Ed.2d 115, 134 (1979). Thus, while Fed. R. Civ. P. 26(c) permits the court to issue a protective order to protect a party or person from annoyance, oppression or undue burden, this ability must be interpreted in light of the directive in Rule 1. In this instance, compliance with the speedy and inexpensive instruction of Rule 1 dictates that the plaintiff first establish the existence of a trade secret before consideration of whether we should definitively grant or deny defendants' motion.

Accordingly, based on the foregoing law and facts, we find it inappropriate at this time to grant defendants' motion. Rather, we order that an evidentiary hearing be held on September 6, 1989 at 10:00 a.m. at which hearing the plaintiff shall be required to prove, by a preponderance of the evidence, the existence of a trade secret by evidence including the substance of the trade secret, its origin and duration, its secret and exclusive character since origin, and the measures taken to preserve its secret and exclusive character to date. Should the plaintiff carry this burden, the court will reconsider defendants' motion.

Therefore, we DENY defendants' motion, subject to a right of renewal, such right to be determined after the evidentiary hearing of September 6, 1989.

DONE AND SIGNED at Alexandria, Louisiana, this 29th day of August, 1989.

/s/ Nauman S. Scott
UNITED STATES DISTRICT JUDGE

FOOTNOTES

[1] Defendants have also counterclaimed under the Louisiana Unfair Trade & Consumer Protection Act, LSA-R.S. 51:1401 *et seq*. For the reasons which follow, this action is stayed pending the outcome of the evidentiary hearing set for September 6, 1989 at 10:00 p.m.

APPENDIX B

IN THE UNITED STATES DISTRICT COURT FOR
THE WESTERN DISTRICT OF LOUISIANA
OPELOUSAS DIVISION

GABRIEL INTERNATIONAL, INC.	:	CIVIL ACTION
-vs-	:	NO. 89-1640-O
M & D INDUSTRIES OF LOUISIANA, INC., PATRIOT CHEMICAL & EQUIPMENT CORPORATION, DON BURTS AND GERALD HEBERT	:	JUDGE SCOTT

AMENDED RULING

We issue this Ruling to amend and complement our Ruling of August 29, 1989.

On July 21, 1989 Gabriel International, Inc. (Gabriel) filed a complaint against M & D Industries of Louisiana, Inc. (M & D), Patriot Chemical & Equipment Corporation (Patriot), Don Burts (Burts), and Gerald Hebert (Hebert) seeking injunctive relief and damages under Louisiana's Uniform Trade Secret Act (LSA-R.S. 51:1431, *et seq.*). The complaint seeks damages, injunctive relief and an immediate issuance of an order by the Court providing that the record of this action be sealed; that all persons involved in the litigation be enjoined from disclosing plaintiff's alleged trade secret without prior court approval and any

disclosure of plaintiff's alleged trade secret in the progress of litigation shall be restricted to parties and counsel for the parties and their assistants. Plaintiff also prayed for trial by jury.

A form of order for secrecy and for sealing the record was attached to the record and the execution of such order by the court is authorized under LSA-R.S. 51:1435 which provides as follows:

> "In an action under this Chapter, a court shall preserve the secrecy of an alleged trade secret by reasonable means, which may include granting protective orders in connection with discovery proceedings, holding in camera hearings, sealing the records of the action, and ordering any person involved in the litigation not to disclose an alleged trade secret without prior court approval."

Upon examining the complaint the Court noted that there was absolutely no evidence or affidavit attached to support plaintiff's allegation that a trade secret or secrets existed or that the plaintiff was the owner thereof. The only reference to the existence to such an order is found in paragraph three of the complaint which merely tracks the conclusory language of the statute and adds that plaintiff requires it employees to execute secrecy agreements as a condition to their employment. Naturally plaintiff did not produce evidence at the time of filing its complaint because the order preserving the secrecy of such evidence had not yet been signed. Certainly a formula, pattern, compliation [sic], program, device, method, technique or process which has at any time been open to public knowledge, cannot thereafter be made secret by inserting a clause in employment contracts or

by any other process. The Court felt under the circumstances that the order should not be signed *ex parte* without allowing some delay for possible opposition. No opposition having been filed and upon the telephone request of plaintiff's attorney, the Court signed the order on August 11, 1989, some 21 days after the filing of the complaint.

On the same date, August 11, 1989, the Clerk of Court in Shreveport, Louisiana received and filed defendants' Motion for an Expedited Hearing and a Protective Order followed later by defendants' Answer and Counter-Claims. These pleadings contained *factual* allegations disputing plaintiff's claim that trade secrets existed and that plaintiffs were the owners thereof and documentary evidence in support thereof. Defendants also claimed that the defendants and plaintiff are competitors and that all of the information sought from five of its customers noticed by plaintiff for deposition could be furnished by defendants and that these depositions and the entire proceedings are being pursued to harass defendants to embarrass them in their relationship with their customers and to adversely affect their business.

The vigor with which this case has been prosecuted in the approximately one month of its existence prior to our discussions and hearing of Friday, August 25, 1989 has convinced this Court that these proceedings are unusually controversial; that they promise to be voluminous, detailed and a great expense to the parties. Our examination of LSA-R.S. 51:1431 *et seq.* and the authorities cited in our Ruling of August 29, 1989 has convinced us that plaintiff has no rights whatsoever unless a trade secret or secrets exist and it is the owner of that trade

secret or secrets. We have already sealed the record and utilized our injunctive powers to assure secrecy in this proceeding. We did this *ex parte*, at the request of plaintiff's counsel and without the support of any evidence whatsoever because we realized that plaintiff could not reveal that evidence until assured of secrecy by our signing its Order on August 11, 1989. Now that the secrecy is assured there is no reason why this evidence should not be produced.

It is plaintiff's position that this is a jury trial; that the trade secret issue is an issue of fact which should be submitted to and decided only by jury and that it is inappropriate that it be submitted to the Court for decision. Stated differently, any plaintiff, even an imposter, could impose the burden, delay, inconvenience and expense (and harassment if brought by an imposter) and the Court is powerless to restrain it. We disagree.

We find that if a trade secret or secrets exist and that plaintiff is the owner, the plaintiff necessarily, and without the need to resort to depositions, interrogatories or any other form of discovery is now in a position to present in secrecy the evidence required to determine that a trade secret or secrets exist and that plaintiff is the owner thereof. In our original Ruling of August 29, 1989, Appendix A attached, we treated this issue as a procedural matter and are fully empowered to act on the basis of the authorities cited therein. We are also empowered under Fed. R. Civ. P. 16(a)(1)(2)(3) and principally (c)(11).[1] Finally it is a question of jurisdiction. This is a diversity action for injunctive relief and damages under the Louisiana's Uniform Trade Secret Act (LSA-R.S.

51:1431, *et seq.*) which is restricted to one class of plaintiffs. Plaintiff must be the owner of a trade secret or secrets. This is a jurisdictional limitation inherent in the statute. Matters of jurisdiction are not required to be presented by motion for summary judgment, by motion for directed verdict, or by interrogatories to the jury. That a court must protect its jurisdiction and has a duty to do so is such a fundamental principle of our federal system that it requires no citation. Although our initial interest was principally procedural, it certainly follows that if plaintiff cannot prove that a trade secret or secrets exist and that it is the owner thereof, this matter will be dismissed for lack of jurisdiction.

For the above reasons it is the opinion of this Court that, unless plaintiff's status as owner of a trade secret is established by stipulation or otherwise, it would be appropriate in every case that the plaintiff establish in a confidential evidentiary hearing that he is an owner of a trade secret as we have held in this proceeding. Therefore we DENY plaintiff's motion that our Ruling of August 29, 1989 as amended and complemented herein, should be vacated. We agree with plaintiff that the Ruling involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the Order may materially advance the ultimate termination of the litigation. All as is contemplated under the provisions 28 U.S.C. 1292(b).

DONE AND SIGNED at Alexandria, Louisiana, this 12th day of September, 1989.

/s/ Nauman S. Scott
UNITED STATES DISTRICT
JUDGE

FOOTNOTES

[1] As explained by the Advisory Committee, amended Rule 16 shifts "the emphasis away from a conference focuses solely on the trial and toward a process of judicial management that embraces the entire pretrial phase, especially motions and discovery." Thus, although the listed objectives include improving the quality of trial and facilitating settlement, also mentioned are measures designed to expedite disposition of the action to establish early control of the case with the overall objective of avoiding protracted pretrial activities and litigation. In this instance, our pretrial order of an evidentiary hearing is designed to accomplish these objectives. In *Davis v. Duplantis*, 448 F.2d 918 (5th Cir. 1971), the court stated that "[t]he trial judge must be permitted wide latitude in guiding a case through its preparatory stages. His decision as to the extent that pretrial activity should prevent the introduction of otherwise competent and relevant testimony at trial must not be disturbed unless it is demonstrated that he has clearly abused the broad discretion vested in him by Rule 16." *Id.* at 921.

APPENDIX C

IN THE UNITED STATES COURT OF
APPEALS FOR THE FIFTH CIRCUIT

No. 89-4713

IN RE:
GABRIEL INTERNATIONAL, INC.,

Petitioner.

On Petition for Writ of Mandamus and/or
Prohibition to the United States District
Court for the Western District of Louisiana

Before POLITZ, GARWOOD and JOLLY, Circuit Judges.

BY THE COURT:

IT IS ORDERED that the petition for writ of mandamus and/or prohibition is DENIED

IT IS FURTHER ORDERED that petitioner's alternative motion for permission to appeal from an interlocutory decision is DENIED

We do not pass on the merits of the district court's challenged order; we merely hold that review by mandamus or prohibition or by interlocutory appeal is not shown to be appropriate in this case.
